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DEPT. OF POLITICAL SCIENCE
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Minister of Trade and Commerce
DOMINION BUREAU OF STATISTICS - OTTAWA
BUSINESS STATISTICS BRANCH

Dominion Statistician: S.A. Cudmore, M.A. (Oxon.) F.S.S., F.R.S.C.
Chief, Business Statistics Branch: Sydney B. Smith, M.A.

ECONOMIC CONDITIONS IN CANADA DURING JANUARY, 1943 COMPARED WITH THE SAME MONTH OF 1942

The six major factors indicating the trend of economic conditions in Canada recorded general increases in January over the same month of last year. The index of the physical volume of business representing fluctuations in mining, manufacturing, construction, electric power and distribution recorded a gain of 18.2 p.c. The standing in January on the base of 1935-39=100 was 227.3 against 192.3 in January of 1942. Wholesale prices recorded a moderate advance from the relatively high level of last year. The index moved up from 94.3 to 96.9, a gain of 2.8 p.c. The increase in the index of the cost of living was even slighter than in wholesale commodities. The advance was from 115.4 to 117.1, a gain of 1.5 p.c.

National Income

The tentative computation of the national income was $693 million in January against $560 million in the same month of 1942, the indicated gain having been 23.8 p.c.

Investment and Banking

Advances were recorded in speculative factors including common stock prices and the number of shares traded on the stock exchanges. The index of common stock prices rose nearly 10 points to 76.3, a gain of 14.2 p.c. Bond prices were at a slightly higher level in January than in the same month of last year, the index of bond yields having receded from 99.4 to 98.8. A marked change was recorded in bank deposits. The total at the end of the month was $3,494 million against $3,096 million on the corresponding date of last year, the gain being 12.9 p.c. While considerable fluctuations were shown in Dominion balances and in notice deposits due to heavy payments on Victory Loans, the advance in the aggregate of deposits has been rapid since the outbreak of hostilities.

Production

The index of manufacturing production rose 25.3 p.c. between January of this year and the same month of 1942. The index was 279 against 223 one year ago. Flour production was 26 p.c. greater at 1,963,000 barrels compared with 1,556,000. Creamery butter production rose from 10.7 million pounds to 13.1 million, a gain of 22.4 p.c. The output of factory cheese, on the other hand, was at a lower position. The release of tobacco recorded a continuance of the advance of recent years. The number of cigarettes made available was 872 million compared with 748 million twelve months ago, a gain of 16.6 p.c. The consumption of cigars rose from 14.1 million to 15.2 million, a gain of 7.5 p.c.

A decline was shown in the consumption of raw cotton by textile plants. The production of newsprint was 234,000 tons against 312,000, a decrease of 25 p.c. A gain of 78.5 p.c. was shown in the amount of building permits, while contracts awarded were 7 p.c. less than in January, 1942. The consumption of firm power rose from 2,757 million k.w.h. to 2,884 million.

Distribution

An advance was recorded in commodity distribution. The index of wholesale sales was 138.7 against 132.2, and a gain was also recorded in the amount of retail sales. Carloadings of railway freight receded from 272,000 cars in January last year to 237,000. Adverse weather conditions accounted for the reduction in this respect. The gross revenue of the Canadian Lines of the Canadian National Railway were $25.5 million against $22.5 million in January last year, a gain of 13 p.c. A further increase was also shown in the gross revenue of the Canadian Pacific Railway.

Finance

The gross revenues of the Dominion Government from April to the end of January were $1,847 million compared with $1,143 million, a gain of 61.5 p.c. during the same period one year ago. War expenditures, including the $1 billion appropriated under the United Kingdom War Financing Act was $2,827 million against $997 million in the same period last year.

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Statistics Illustrating the Economic Situation of Canada for January 1943 compared with the same month of last year.

	Unit or Base Period	1943	1942	Per Cent Increase + Decrease -
General Economic Situation				
Index of Physical Volume of Business	1935-9=100	227.3	192.3	+ 18.2
Index of Industrial Production	1935-9=100	256.7	216.5	+ 18.6
Wholesale Prices	1926=100	96.9	94.3	+ 2.8
Cost of Living	1935-9=100	117.1	115.4	+ 1.5
Index of Common Stock Prices	1935-9=100	76.3	66.8	+ 14.2
Index of Bond Yields	1935-9=100	98.8	99.4	- 0.6
Bank Debits	$000	3,899,600	3,230,800	+ 20.7
Production and General Business				
Farm Products -				
Index of Grain Marketings	1935-9=100	149.8	110.4	+ 35.7
Index of Livestock Marketings	1935-9=100	62.8	112.3	- 44.1
Index of Cold Storage Holdings	1935-9=100	125.9	147.2	- 14.5
Mineral Production	1935-9=100	225.3	258.5	- 12.8
Gold Receipts at Mint	Fine Ozs.	360,755	442,038	- 18.4
Coal Production	Tons	1,542,236	1,897,954	- 18.7
Manufacturing Production	1935-9-100	279.0	222.7	+ 25.3
Flour Production	Bbls.	1,963,042	1,555,850	+ 26.2
Cattle Slaughterings	No.	72,292	124,970	- 42.2
Hog Slaughterings	No.	515.319	587,509	- 12.3
Creamery Butter Production	Lbs	13,101,344	10,701,597	+ 22.4
Factory Cheese Production	Lbs	2,008,346	4,409,991	- 54.5
Cigarettes released	No.	872,108,674	747,733,490	+ 16.6
Cigars released	No.	15,187,912	14,130,972	+ 7.5
Leather Boots and Shoes (December)	Pairs	2,219,774	2,250,008	- 1.3
Raw Cotton Consumption	Lbs.	14,374,572	16,833,456	- 14.6
Paper and Lumber -				
Newsprint Production	Tons	233,544	311,904	- 25.1
Iron and Steel -				
Steel Ingot Production	Short Ton	207,008	257,069	- 19.5
Pig Iron Production	Short Ton	116,327	163,156	- 28.7
Coke Production	Short Ton	232,036	277,772	- 16.5
Construction -				
Contracts awarded	$	11,984,300	12,880,900	- 7.0
Building Permits (58 Municipalities)	$	6,625,430	3,712,030	+ 78.5
Consumption of Firm Power	000 K.W.H.	2,884,224	2,756,555	+ 4.6
Internal Trade -				
Wholesale Sales	1935-9=100	138.7	132.2	+ 4.9
Retail Sales	1935-9=100	128.4	128.1	+ 0.2
Railways - Tons carried 1 mile -2Rlys (December)	000,000 tons	4,244	4,028	+ 5.4
Carloadings	No.	237,263	271,946	- 12.8
Gross Revenue C.N.R.(Canadian Lines)	$	25,477,300	22,529,000	+ 13.1
Gross Revenue C.P.R.	$	18,928,000	18,790,000	+ 0.7
Employment - Unadjusted				
General Index	1926=100	183.7	165.8	+ 10.8
Manufacturing		219.6	187.0	+ 17.4
Logging		250.8	258.1	- 2.8
Mining		162.4	177.5	- 8.5
Construction		132.1	124.7	+ 5.9
Building		190.9	146.8	+ 30.0
Highway		117.5	157.9	- 25.6
Trade		169.9	172.4	- 1.5
Banking -				
Deposits, Four Classes	$000	3,494,394	3,096,400	+ 12.9
Current Loans	$000	1,036,224	1,052,858	- 1.6
Circulating Media	$000,000	[illegible],686.6	[illegible],498.1	+ 37.8
Cash and Cheque Payments	$000,000	5,347	4,313	+ 24.0
Dominion Finance - April to January				
Total Revenues	$	1,847,104.742	1,143,487,978	+ 61.5
Ordinary Expenditures	$	439,115,767	331,249,493	+ 32.6
War Expenditures	$	1,826,619,861	997,347,052	+ 83.1
United Kingdom War Financing	$	1,000,000,000	-	
National Income	$000,000	693	560	+ 23.8

Twenty-two items recorded declines, while thirty showed increases.

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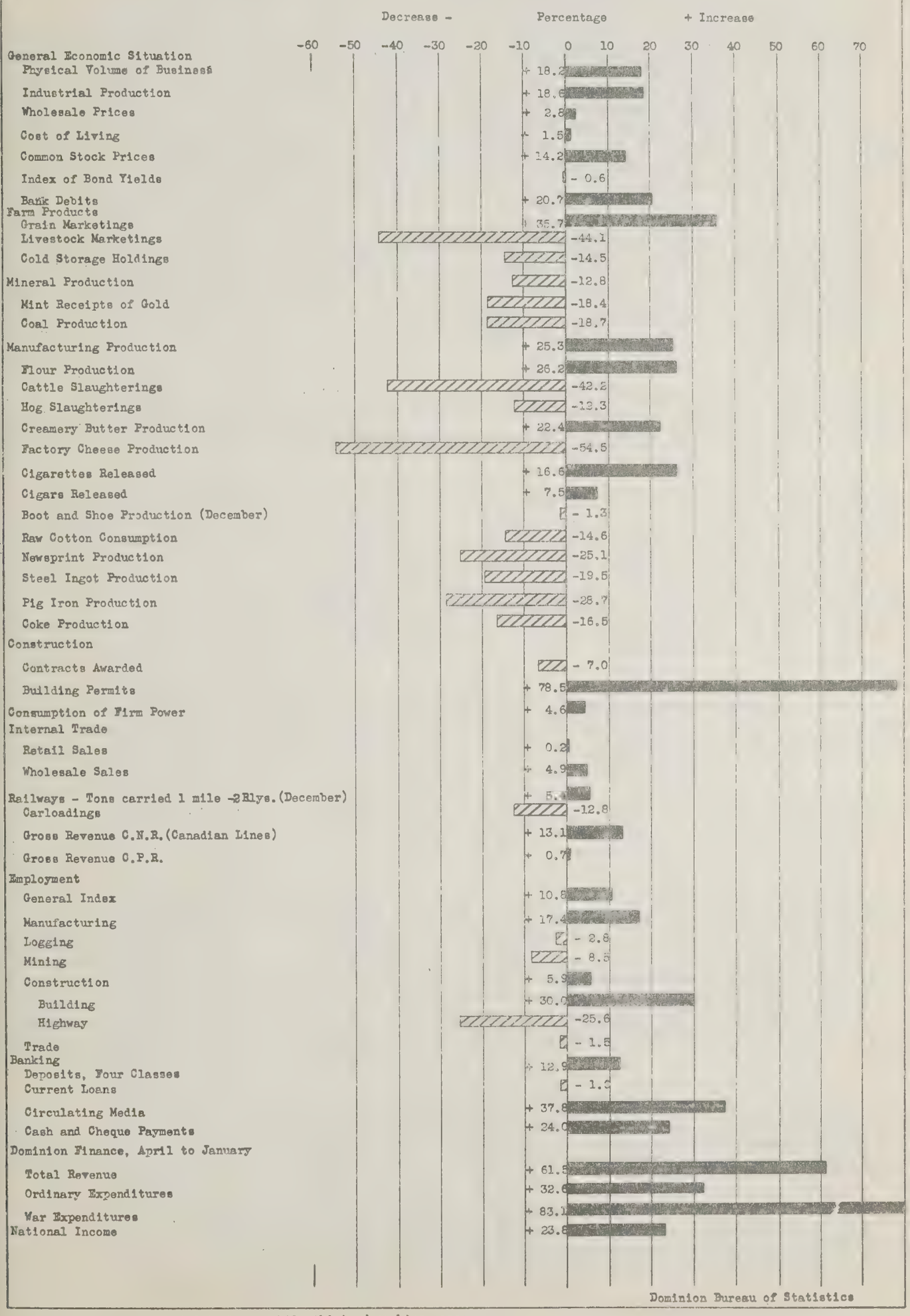
THE ECONOMIC SITUATION IN CANADA

in January, 1943

as compared with the same month of last year



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ECONOMIC CONDITIONS IN CANADA DURING THE FIRST TWO MONTHS OF 1943 COMPARED WITH THE SAME PERIOD OF 1942

The marked advance in economic activity was continued in the early months of 1943. The national income rose in February to a new high point in history. The total based on monthly indexes and other relevant data exceeded $700 million for the first time. National income consequently reached in February, an annual rate of about $8,400 million. This compares with $7,500 million, the tentative total computed by the Bureau for the year 1942. The cumulative estimate for the first two months of the present year was $1,387 million as compared with $1,116 million in the same period twelve months ago. The increase of 24.2 p.c. represents a marked gain in the volume of production in the broadest sense of the term, as well as a slightly higher price level.

While the national income is one of the best known as well as one of the most useful of economic barometers, the gross value of the output of goods and services is preferable for comparison with war expenditures. Gross production is derived from the national income by adding business taxes, depreciation charges and the international balance on dividends and interest. For the purpose of comparability it is also desirable to make certain adjustments in the Canadian estimates to establish as far as possible a common footing with the statistics for the United States.

The gross value of the output of goods and services amounted on this basis to about $9.7 billion in 1942 against $8.5 billion in the preceding year. The increase in the national income during the first two months suggests a considerably higher level in 1943.

The pronounced advance in the volume of production is measured by the index of the physical volume of business expressed as a percentage of the average for the five-year period from 1935 to 1939. The index rose 17.7 p.c. in the first two months of 1943 compared with the same period of the preceding year. The standing was 226.6 against 192.6, a gain of 34 points. Mining operations were at a somewhat lower level, while advances were recorded in manufacturing, electric power and in the business obtained by the construction industry. Gold receipts at the Mint showed a recession of 13 p.c., while the decline in coal production was from 3,591,000 tons to 3,101,000.

The index of manufacturing production rose nearly 27 p.c., the standing in the first two months of 1943 having been 285. Considerable increases were shown in flour milling, creamery butter production, and the release of cigarettes and cigars. Reaction was shown in the amount of raw cotton consumed by the textile industry, the production of newsprint and in the operations of the primary iron and steel industry.

Contracts awarded were $31 million against $23.9 million in the first two months of 1942, a gain of 29.5 p.c. The consumption of firm power rose 5.5 p.c. to 5,523 million k.w.h.

The distribution of commodities to ultimate consumers showed a moderate gain in the first two months of the year over the same period of 1942. The index of retail sales was 129.6 against 124.1, the average for the first two months of last year. The gain in wholesale sales was 6.5 p.c., the standing of the index in the first two months of 1943 having been 142.9. Revenue freight carried by the railways was at a somewhat lower position than in the early months of last year, while considerable gains were shown in the revenues of the two principal lines. The index of employment rose 10.2 p.c. over the levels of January and February, 1942. Gains were shown in manufacturing and construction, while logging and mining recorded a reaction.

The sum of the four classes of deposit liabilities of the chartered banks rose 12 p.c., the average during the first two months of 1943 having been $3,514 million. Current loans, on the other hand, showed a recession, while marked gains were recorded in the circulating media in the hands of the public and the sum of the cash and cheque payments.

The total revenues of the Dominion Government during the first 11 months of the last fiscal year were $2,016 million, a gain of 60.7 p.c. over the same period of the preceding year. Ordinary expenditures showed a gain of 30.8 p.c., while war expenditures were 79 p.c. greater. In addition, the United Kingdom war financing account amounted to $1 billion during the last fiscal year.

Table 1. Statistics Illustrating the Economic Situation of Canada for the first two months compared with the same period of last year.

	Unit or Base Period	First Two Months 1943	First Two Months 1942	Per Cent Increase + Decrease -
General Economic Situation				
Index of Physical Volume of Business	1935-9=100	226.6	192.6	+ 17.7
Index of Industrial Production	1935-9=100	261.2	216.4	+ 20.7
Wholesale Prices	1926=100	97.3	94.5	+ 3.0
Cost of Living	1935-9=100	117.0	115.6	+ 1.2
Index of Common Stock Prices	1935-9=100	77.5	65.8	+ 17.8
Index of Bond Yields	1935-9=100	98.7	99.4	- 0.7
Bank Debits	$000	7,611,471	6,123,652	+ 24.3
Production and General Business				
Farm Products -				
Index of Grain Marketings	1935-9=100	131.6	90.5	+ 45.4
Index of Livestock Marketings	1935-9=100	80.0	106.6	- 25.0
Index of Cold Storage Holdings	1935-9=100	121.9	147.7	- 17.5
Mineral Production	1935-9=100	230.7	253.4	- 9.0
Gold Receipts at Mint	Fine Ozs.	683,855	787,513	- 13.2
Coal Production	Tons	3,101,068	3,591,425	- 13.7
Manufacturing Production	1935-9=100	284.9	224.5	+ 26.9
Flour Production	Bbls.	3,953,774	3,140,828	+ 25.9
Cattle Slaughterings	No.	167,566	228,171	- 26.6
Hog Slaughterings	No.	1,030,225	1,081,417	- 4.7
Creamery Butter Production	Lbs.	25,004,495	20,112,320	+ 24.3
Factory Cheese Production	Lbs.	3,548,133	8,116,962	- 56.3
Cigarettes released	No.	1,833,242,235	1,523,470,870	+ 20.3
Cigars released	No.	31,921,559	28,819,342	+ 10.8
Leather Boots and Shoes	Pairs	5,438,191	5,270,031	+ 3.2
Raw Cotton Consumption	Lbs.	30,501,106	33,535,704	- 9.0
Paper and Lumber -				
Newsprint Production	Tons	455,351	590,005	- 24.5
Iron and Steel -				
Steel Ingot Production	Short Ton	452,596	502,758	- 10.0
Pig Iron Production	Short Ton	254,567	307,129	- 17.1
Coke Production	Short Ton	481,773	530,865	- 9.2
Construction -				
Contracts awarded	$	31,003,300	23,933,100	+ 29.5
Building Permits (58 Municipalities)	$	3,562,387	7,989,801	- 55.4
Consumption of Firm Power	000 K.W.H.	5,522,723	5,236,637	+ 5.5
Internal Trade -				
Wholesale Sales	1935-9=100	142.9	134.2	+ 6.5
Retail Sales	1935-9=100	129.6	124.1	+ 4.4
Railways - Tons carried 1 mile-2 Rlys (January)	000,000 tons	3,534	3,916	- 9.8
Carloadings	No.	484,670	520,495	- 6.9
Gross Revenue C.N.R. (Canadian Lines)	$	52,089,400	44,262,700	+ 17.7
Gross Revenue C.P.R.	$	39,258,000	36,898,000	+ 6.4
Employment - Unadjusted (2 months' average)				
General Index	1926=100	182.5	165.6	+ 10.2
Manufacturing		220.9	192.2	+ 14.9
Logging		242.3	262.9	- 7.8
Mining		161.9	177.3	- 8.6
Construction		128.9	121.4	+ 6.2
Building		185.6	146.0	+ 27.1
Highway		107.8	144.9	- 25.6
Trade		159.6	164.6	- 3.0
Banking - (2 months' average)				
Deposits, Four Classes	$000	3,513,863	3,138,686	+ 12.0
Current Loans	$000	1,007,516	1,054,174	- 4.4
Circulating Media	$000,000	686.9	504.5	+ 36.2
Cash and Cheque Payments (2 months') Total		10,484	8,192	+ 28.0
Dominion Finance - April to February				
Total Revenues	$	2,016,018,072	1,254,640,292	+ 60.7
Ordinary Expenditures	$	464,092,396	354,722,887	+ 30.8
War Expenditures	$	2,025,040,304	1,129,868,707	+ 79.2
United Kingdom War Financing	$	1,000,000,000	-	-
National Income	$000,000	1,387	1,116	+ 24.3

Twenty-two items recorded declines, while thirty showed increases.

Table 2. National Income and Related Factors, 1919-1942.

Showing Revisions as of April, 1943.

(Millions of Dollars)

Year	National Income	Income Payments	Business Taxes	Depreciation on Non-Government Assets	International Balance on Dividends & Interest	Gross Production. (a+c+d+e) 1/	Index of Cost of Living 1935-9=100	Real Income (a)/(g)
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)
1919	3,817	3,896	369	382	174	5,080	126.5	3,018
1920	4,599	4,356	450	423	172	5,605	145.4	3,163
1921	3,508	3,720	420	401	191	4,513	129.9	2,701
1922	3,672	3,622	444	387	191	4,633	120.4	3,050
1923	3,848	3,797	449	395	212	4,852	120.7	3,188
1924	3,867	3,766	419	403	202	4,878	118.8	3,255
1925	4,240	3,848	456	416	210	5,273	119.8	3,539
1926	4,509	4,101	485	435	218	5,570	121.8	3,702
1927	4,740	4,305	505	459	227	5,834	119.9	3,953
1928	5,271	4,592	545	495	235	6,430	120.5	4,374
1929	5,274	4,773	545	523	272	6,521	121.7	4,334
1930	4,454	4,544	467	520	307	5,792	120.8	3,687
1931	3,581	3,984	422	488	293	4,896	109.1	3,282
1932	2,814	3,361	431	448	275	4,046	99.0	2,843
1933	2,724	3,109	434	442	241	3,896	94.4	2,885
1934	3,149	3,270	463	443	240	4,355	95.6	3,293
1935	3,373	3,503	476	441	240	4,593	96.2	3,506
1936	3,829	3,682	549	459	266	5,045	98.1	3,903
1937	4,348	4,064	613	474	282	5,635	101.2	4,296
1938	4,283	4,121	599	475	288	5,583	102.2	4,191
1939	4,570	4,324	644	471	286	5,957	101.5	4,502
1940	5,387	4,923	929	497	287	6,979	105.6	5,099
1941	(6,514)	(5,852	(1,298)	(520)	273	(8,514)	111.7	(5,832)
1942	(7,500)	(6,861)	(1,762)	(549)	(260)	(9,731)	117.0	(6,410)

1/ With adjustment as explained in appended notes.

The statistics for 1941 and 1942 are mainly tentative subject to important change upon the receipt of further information. Data from the Census of 1941, both annual and decennial will be of interest in this connection.

Notes to Table 2.

(a) The national income was computed by a detailed study of the operating accounts of thirty industrial and service groups. Payments to individuals for participating in the productive process were added to the positive and negative savings. Availability of data permitted the deduction of cost of raw materials, overhead and depreciation charges from gross operating revenues for a considerable number of the groups.

(b) The difference between (a) national income proper and (b) payments to individuals, consists in the positive or negative savings of enterprises. The savings of the Dominion and Provincial governments are computed by comparing the changes in net obligations with net alterations in the value of tangible assets. Imputed net rents of owner occupied homes are included in the real estate group.

(c) Business taxes were compiled from the report of the Rowell Commission and public accounts. The aim was to include the total of such taxation disregarding the incidence.

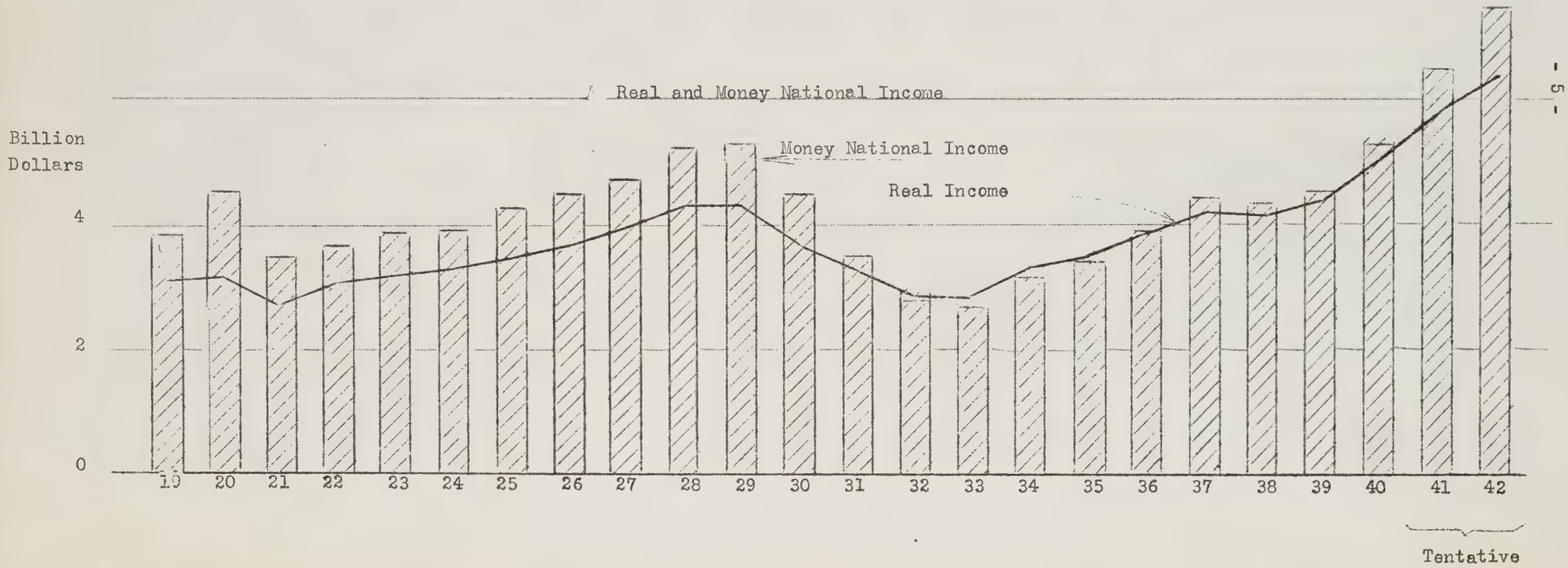
(d) A study was made of the fixed capital and depreciation in each of the thirty groups. No account was taken of depreciation on government assets in this connection.

(e) The international balance on dividends and interest denotes an additional payment made by enterprises producing goods and services, excluded from (a) national income proper.

(f) The gross value of the production of goods and services is the summation of (a), (c), (d) and (e) with adjustment for government savings and direct relief. A number of changes were made to place the result on a common footing with the "Gross National Product or Expenditure" of the United States as published on page 12 of the Survey of Current Business of May last. For the present purpose government savings were eliminated and direct relief payments deducted from the Canadian totals. Two additional items were added and one subtracted in making up the gross national product of the United States reported in the May number. No attempt was made in Table 2 to follow the latter procedure.

(g) The index of the cost of living on the base of 1935-39 is published by the Internal Trade Branch of the Bureau.

(h) As a large part of the national income is expended by individuals for goods and services, the index of the cost of living is one of the best measures for eliminating the influence of price changes from the general income totals. Real income consequently is a more accurate gauge of the net production of goods and services in terms of volume than national income proper. The quotient is expressed in terms of dollars averaged for the five-year period from 1935-39, and any index on a different base would denote an altered level of real income. The use of indexes of consumer's goods at wholesale and of the "General Price Level" would produce a somewhat different pattern. Compare "National Income of Canada, 1919-1938, Part I" pages 18 and 24.


Real and Money National Income
Money National Income
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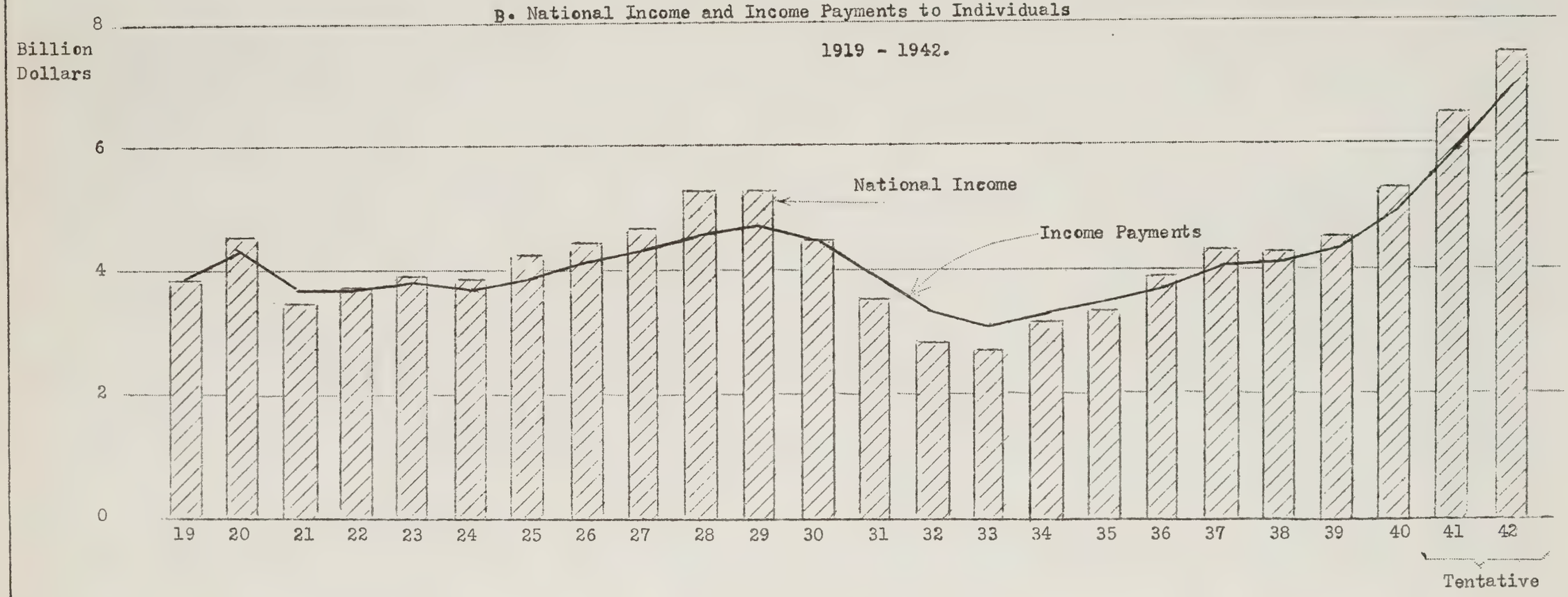
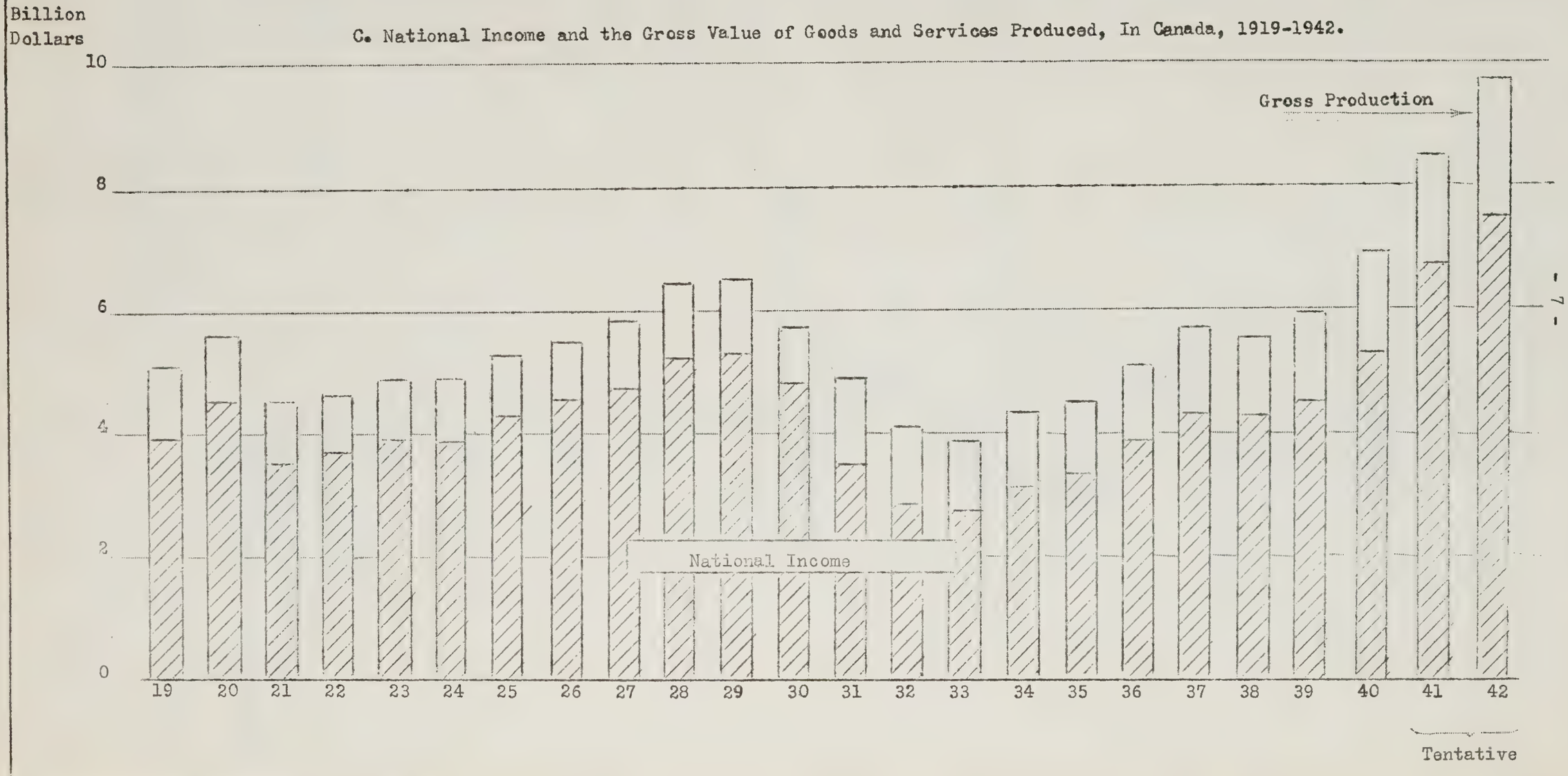
Tentative

B. National Income and Income Payments to Individuals

1919 - 1942.



C. National Income and the Gross Value of Goods and Services Produced, In Canada, 1919-1942.



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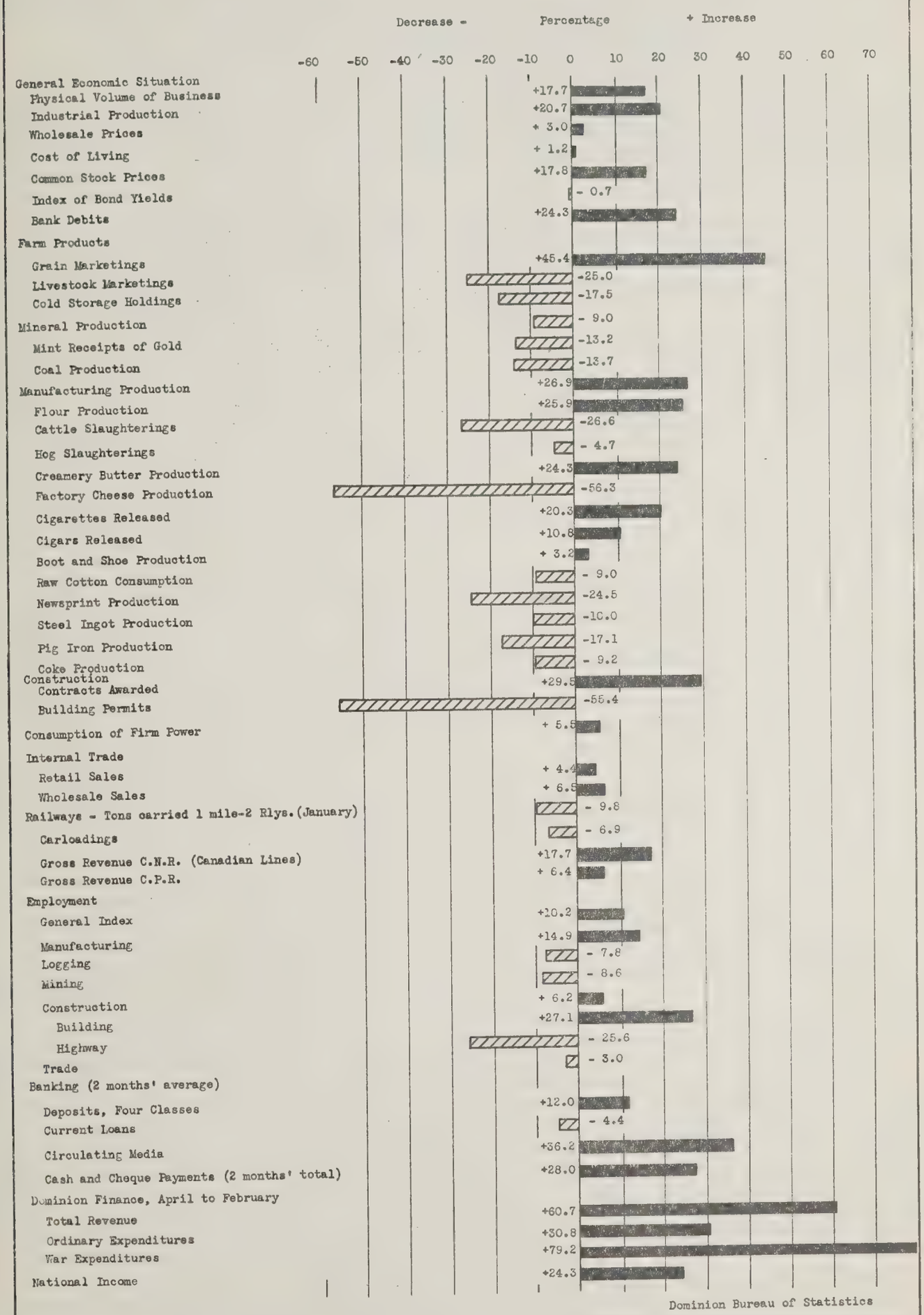
THE ECONOMIC SITUATION IN CANADA

for the first two months of 1943

as compared with the same period of last year



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ECONOMIC CONDITIONS IN CANADA DURING THE FIRST QUARTER OF 1943 COMPARED WITH THE SAME PERIOD OF 1942

Economic activity reached a new high point in the first quarter of the present year. The national income at $2,112 million was 24.3 p.c. greater than in the same period of last year when the standing was nearly $1,700 million. The stimulus of war production was the main influence in increasing the national income over the last twelve months.

During the fiscal year ended March, the national income according to the tentative computation was $7,878 million compared with $6,793 million in the preceding fiscal year. The standing in March was more than $725 million compared with $700 million in the second month of the year. One year ago, the income in March was $583 million against $556 million in the preceding month.

The main factors indicating the trend of economic conditions recorded advances during the first quarter over the same period of last year. The index of the physical volume of business rose 19.2 p.c., the standing on the base of 1935-39 during the last quarter having been 228.3. The index is one of the most comprehensive measures of the production and handling of commodities. The main components are mining, manufacturing, electric power, construction and distribution, the latter being represented by railway traffic, internal and external trade.

The index of mineral production was nearly 4 p.c. below the same period of last year. Gold receipts at the Mint were 963,000 ounces against 1,165,000. The decline in coal production was more than 8 p.c., the output in the first quarter of the present year having been 4,767,000 tons.

As the manufacturing industry participated fully in war production a marked gain was shown over the first quarter of last year. The index advanced from 220.5 to 288.0, a gain of 30.6 p.c. The flour milling industry was more active, the output of wheat flour in the first two months showing a gain of nearly 26 p.c. The meat packing industry was less active in the first quarter. Creamery butter production showed a gain of nearly 28 p.c., the output having been 40.6 million pounds in the first quarter of the present year. Considerable decline was shown in the production of factory cheese.

The release of cigarettes was 2,872 million against 2,309 million in the first quarter of last year, a gain of 24.4 p.c. The increase in the release of cigars was 8.4 p.c. The consumption of raw cotton by the textile industry was nearly maintained. A considerable decline was recorded in newsprint production, the output having been 702,000 tons against 886,000. Steel ingot production was 724,000 short tons against 768,000, a decline of 5.8 p.c. The output of pig iron also showed some reduction.

The new business obtained by the construction industry was slightly greater as measured by contracts awarded. The total was $42.1 million against $41.8 million in the same period last year. The consumption of firm power rose 6.4 p.c. from nearly 8 billion k.w.h. to 8.5 billion. The distribution of commodities by wholesale and retail outlets showed further expansion in the first two months of this year. The index of wholesale sales rose from 134 to 143, a gain of 6.5 p.c., while retail sales showed a lesser advance from 124.1 to 129.6, a gain of 4.4 p.c.

Tons of freight carried one mile by the two railways showed a decline of 2 p.c. to 7,472 million. The reduction in carloadings amounted to 2.6 p.c. The gross revenue of the Canadian National Railway lines rose 21 p.c. while that of Canadian Pacific Railways was 10.3 p.c. greater. The general index of employment averaged 182 in the first quarter of 1943 against 165.4 in the same period of last year, a gain of about 10 p.c. Gains were shown in manufacturing and construction, while logging and mining were at lower levels. Four classes of deposits were 12 p.c. greater in the first two months of the year and notice deposits showed a considerable gain at the first of March. Current loans averaged lower by 4.4 p.c. Circulating media in the hands of the public were estimated at $687 million against $504.5 million in the first quarter of last year, a gain of 36.2 p.c. Cash and cheque payments in the first quarter of the year were $10,484 million against $8,192 million, a gain of 28 p.c.

The total revenues of the Dominion Government during the first eleven months of the present fiscal year were $2,016 million against $1,255 million, a gain of 60.7 p.c. Ordinary expenditures rose 30.8 p.c., while war expenditures, exclusive of $1 billion war appropriation was 79.2 p.c.

Table 1. Statistics Illustrating the Economic Situation of Canada for the first quarter of 1943 compared with the same period of last year.

	Unit or Base Period	First Quarter 1943	First Quarter 1942	Per Cent Increase + Decrease -
General Economic Situation				
Index of Physical Volume of Business	1935-9=100	228.3	191.5	+ 19.2
Index of Industrial Production	1935-9=100	263.8	213.5	+ 23.6
Wholesale Prices	1926=100	97.7	94.7	+ 3.2
Cost of Living	1935-9=100	117.1	115.7	+ 1.2
Index of Common Stock Prices	1935-9=100	78.0	64.6	+ 20.7
Index of Bond Yields	1935-9=100	98.3	99.4	- 1.1
Bank Debits	$000	11,623,354	10,300,482	+ 12.8
Production and General Business				
Farm Products -				
Index of Grain Marketings	1935-9=100	123.8	85.3	+ 45.1
Index of Livestock Marketings	1935-9=100	90.2	108.0	- 16.5
Index of Cold Storage Holdings	1935-9=100	119.4	148.1	- 19.4
Mineral Production	1935-9=100	237.3	247.0	- 3.9
Gold Receipts at Mint	Fine ozs.	963,137	1,164,622	- 17.3
Coal Production	Tons	4,766,921	5,191,694	- 8.2
Manufacturing Production	1935-9=100	288.0	220.5	+ 30.6
Flour Production (2 months)	Bbls.	3,953,774	3,140,828	+ 25.9
Cattle Slaughterings	No.	300,318	369,491	- 18.7
Hog Slaughterings	No.	1,584,686	1,630,727	- 2.8
Creamery Butter Production	Lbs.	40,639,109	31,773,997	+ 27.9
Factory Cheese Production	Lbs.	6,242,042	13,693,978	- 54.4
Cigarettes released	No.	2,872,217,534	2,309,278,414	+ 24.4
Cigars released	No.	49,910,125	46,049,157	+ 8.4
Leather Boots and Shoes (2 months)	Pairs	5,438,191	5,270,031	+ 3.2
Raw Cotton Consumption	Lbs.	48,687,511	49,728,082	- 2.1
Paper and Lumber -				
Newsprint Production	Tons	702,206	885,840	- 20.7
Iron and Steel -				
Steel Ingot Production	Short Ton	723,558	767,840	- 5.8
Pig Iron Production	Short Ton	414,668	474,245	- 12.6
Coke Production (2 months)	Short Ton	481,773	530,865	- 9.2
Construction -				
Contracts awarded	$	42,113,900	41,783,500	+ 0.8
Building Permits (58 Municipalities)	$	7,787,495	13,697,423	- 43.1
Consumption of Firm Power	000 K.W.H.	8,491,654	7,977,467	+ 6.4
Internal Trade -				
Wholesale Sales (2 months)	1935-9=100	142.9	134.2	+ 6.5
Retail Sales (2 months)	1935-9=100	129.6	124.1	+ 4.4
Railways - Tons carried 1 mile-2 Rlys (2 months)	000,000 tons	7,472	7,628	- 2.0
Carloadings	No.	770,949	791,827	- 2.6
Gross Revenue C.N.R. (Canadian Lines)	$	84,107,300	69,526,700	+ 21.0
Gross Revenue C.P.R.	$	63,581,000	57,644,000	+ 10.3
Employment - Unadjusted (3 months' average)				
General Index	1926=100	182.1	165.4	+ 10.1
Manufacturing		221.7	191.3	+ 15.9
Logging		238.6	272.5	- 12.4
Mining		162.0	177.0	- 8.5
Construction		126.8	115.5	+ 9.8
Building		181.8	141.9	+ 28.1
Highway		102.8	127.4	- 19.3
Trade		155.4	160.3	- 3.1
Banking - (2 months' average)				
Deposits, Four Classes	$000	3,513,863	3,138,686	+ 12.0
Current Loans	$000	1,007,516	1,054,174	- 4.4
Circulating Media	$000,000	686.9	504.5	+ 36.2
Cash and Cheque Payments (3 months') Total	$000,000	16,057	13,807	+ 16.3
Dominion Finance - April to February				
Total Revenues	$	2,016,018,072	1,254,640,292	+ 60.7
Ordinary Expenditures	$	464,092,396	354,722,887	+ 30.8
War Expenditures	$	2,025,040,304	1,129,868,707	+ 79.2
United Kingdom War Financing	$	1,000,000,000	-	-
National Income (Tentative Computation)	$000,000	2,112	1,699	+ 24.3

Twenty-two items recorded declines, while thirty showed increases.

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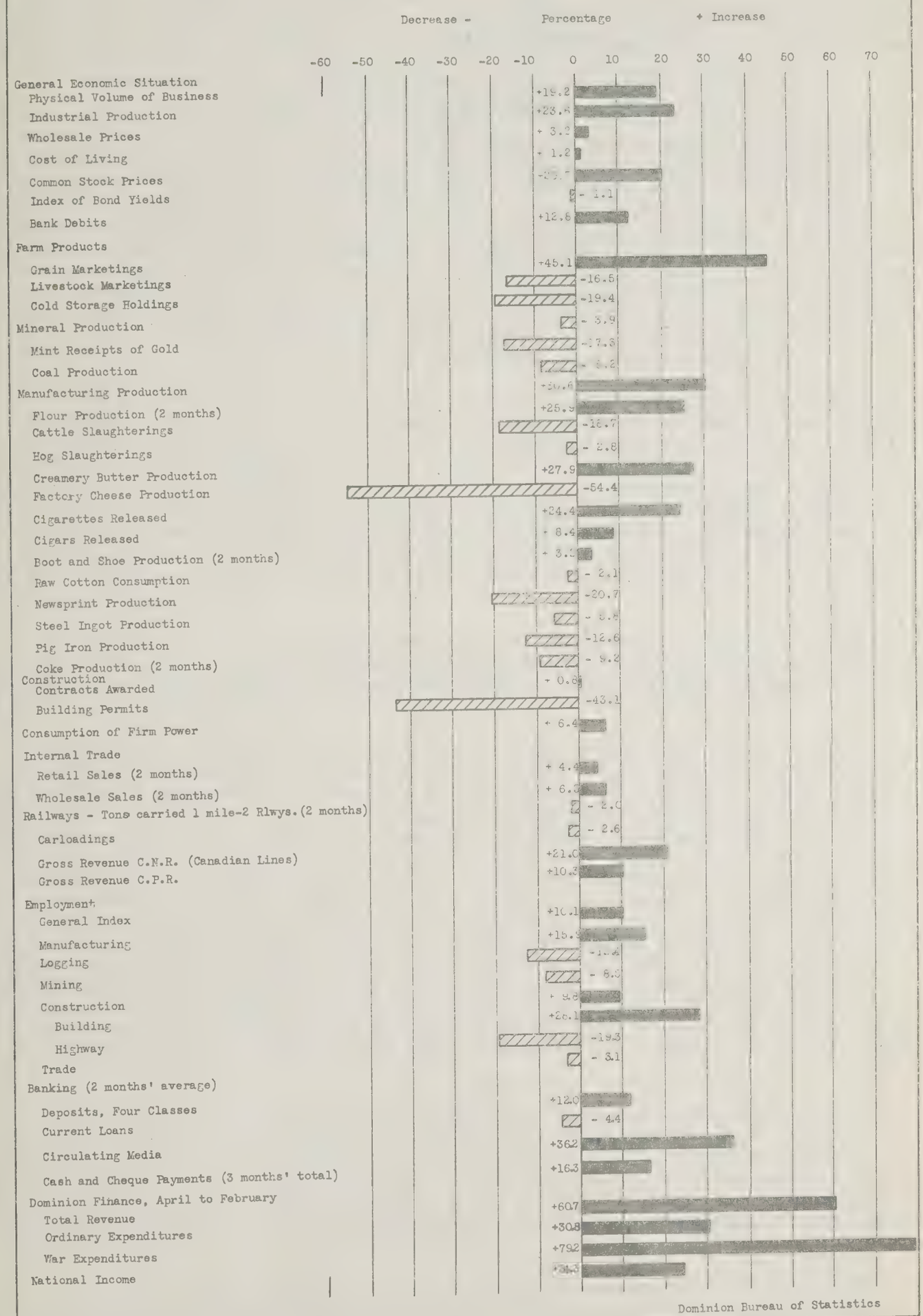
Minister of Trade and Commerce

THE ECONOMIC SITUATION IN CANADA

for the first quarter of 1943

as compared with the same period of last year



Twenty-two items recorded declines while thirty showed increases.

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DEPT. OF POLITICAL SCIENCE
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Minister of Trade and Commerce
DOMINION BUREAU OF STATISTICS - OTTAWA
BUSINESS STATISTICS BRANCH

Dominion Statistician: S.A. Cudmore, M.A. (Oxon.) F.S.S., F.R.S.C.
Chief, Business Statistics Branch: Sydney B. Smith, M.A.

ECONOMIC CONDITIONS IN CANADA DURING THE FIRST 4 MONTHS OF 1943 COMPARED WITH THE SAME PERIOD OF 1942

Economic conditions recorded marked betterment in the first four months of 1943 over the same period of the preceding year. Owing to the gain in economic activity and the slightly higher level of commodity prices, the monthly estimate of national income rose to a new high position in April. The national income has shown an upward trend without important interruption since 1938. The estimate for April was nearly $736 million, equivalent to an annual rate of about $8,832 million for the year. During the first four months a tentative computation of the national income was $2,850 million against $2,298 million in the same period of last year, a gain of 24 p.c. The totals for the months of January, February and March of this year were $687 million, $700 million and $727 million, respectively. The totals for the first three months of last year in the same order were $560 million, $556 million and $583 million.

The major factors recorded further advance in April reaching a new high point for the current period. The continued advance in productive operations was due mainly to the stimulus of war demands. The index of the physical volume of business advanced from 193 in the first four months of 1942 to 230 in the period under review, a gain of 19.3 p.c. The change in wholesale prices has been of a relatively moderate character since November, 1941, but an upward trend has been shown from the outbreak of hostilities. The index of wholesale prices was 98.0 in the first four months of the present year against 94.8, a gain of 3.4 p.c. over the same period of last year. The gain in the cost of living was of even lesser proportions. The index was 117.2 against 115.7, an increase of only 1.3 p.c.

Considerable fluctuation has been shown in the deposit liabilities of the chartered banks, but an important upward trend has been recorded since August, 1939. A new high point was reached at the beginning of April, the gain over the average for the first three months of 1942 having been slightly more than 13 p.c.

Dominion bond prices have remained relatively steady since mid-year 1940. The index of yields averaging 98.1 during the first four months of this year compared with 99.5 in the same period last year, a slight increase in bond prices having been indicated. Common stock prices and speculative trading, which had been at low levels during the early months of 1942, have recorded considerable recovery. The index of common stock prices was 24.3 p.c. higher in the first four months of the present year, the standing having been 79.2 against 63.7. Speculative trading has recorded considerable expansion since August of last year and trading is at present at a higher position than at any time since mid-year 1940. Due in part to the transfer to a war economy, productive operations, wholesale prices and deposit liabilities of the banks are greatly in excess of the inter-war trend. The index of mineral production rose from 242 in the first four months of last year to 248, a gain of 2.6 p.c. Gold receipts at the Mint and coal production, however, were at lower positions. The index of manufacturing production was 30 p.c. higher at 290 against 223 in the first four months of 1942. The flour milling industry has recently been particularly active, a gain of 24 p.c. having been shown in the production of wheat flour.

The output of creamery butter rose 30 p.c., the total having been 63.5 million pounds against 48.8 million. Factory cheese production, on the other hand, was at a greatly lower level during the first four months. The release of cigarettes rose from 3,077 million to 3,859 million, a gain of 25.4 p.c., while the increase in cigars was 7.5 p.c. The output of leather boots and shoes in the first three months was slightly more than maintained. Declines were shown in the consumption of raw cotton by textile plants and in the output of newsprint.

The new business obtained by the construction industry was less than in the first four months of 1942. Construction contracts awarded receded 9.5 p.c., while the building permits in 58 municipalities were 40 p.c. less.

Table 1. Statistics Illustrating the Economic Situation of Canada for the first four months of 1943 compared with the same period of last year.

	Unit or Base Period	First Four Months 1943	First Four Months 1942	Per Cent Increase + Decrease -
General Economic Situation				
Index of Physical Volume of Business	1935-9=100	230.4	193.2	+19.3
Index of Industrial Production	1935-9=100	266.5	215.3	+23.8
Wholesale Prices	1926=100	98.0	94.8	+ 3.4
Cost of Living	1935-9=100	117.2	115.7	+ 1.3
Index of Common Stock Prices	1935-9=100	79.2	63.7	+24.3
Index of Bond Yields	1935-9=100	98.1	99.5	- 1.4
Bank Debits	$000	15,694,067	14,033,701	+11.8
Production and General Business				
Farm Products -				
Index of Grain Marketings	1935-9=100	157.1	85.0	+84.8
Index of Livestock Marketings	1935-9=100	89.3	102.8	-13.1
Index of Cold Storage Holdings (5 months)	1935-9=100	130.8	155.5	-15.9
Mineral Production	1935-9=100	248.3	242.0	+ 2.6
Gold Receipts at Mint	Fine Ozs.	1,312,045	1,577,783	-16.8
Coal Production	Tons	6,147,904	6,703,566	- 8.3
Manufacturing Production	1935-9=100	290.2	223.2	+30.0
Flour Production (3 months)	Bbls.	6,146,803	4,947,682	+24.2
Cattle Slaughterings	No.	458,135	521,661	-12.2
Hog Slaughterings	No.	2,156,248	2,175,922	- 0.9
Creamery Butter Production	Lbs.	63,509,395	48,803,078	+30.1
Factory Cheese Production	Lbs.	11,684,530	25,252,408	-53.7
Cigarettes released	No.	3,858,883,636	3,076,734,265	+25.4
Cigars released	No.	66,692,347	62,062,071	+ 7.5
Leather Boots and Shoes (3 months)	Pairs	7,321,631	7,158,444	+ 2.3
Raw cotton Consumption	Lbs.	64,587,318	67,591,899	- 4.4
Paper and Lumber -				
Newsprint Production	Tons	931,779	1,163,581	-19.9
Iron and Steel -				
Steel Ingot Production	Short Ton	987,915	1,033,649	- 4.4
Pig Iron Production	Short Ton	565,154	634,653	-11.0
Coke Production	Short Ton	1,025,131	1,087,725	- 5.8
Construction -				
Contracts awarded	$	58,161,200	64,295,600	- 9.5
Building Permits (58 Municipalities)	$	13,644,458	22,748,207	-40.0
Consumption of Firm Power	000 K.W.H.	11,352,020	10,605,180	+ 7.0
Internal Trade -				
Wholesale Sales (3 months)	1935-9=100	153.2	141.0	+ 8.7
Retail Sales (3 months)	1935-9=100	137.0	131.0	+ 4.6
Railways - Tons carried 1 mile - (3 months) 2 Rlys.	000,000 tons	11,966	11,827	+ 1.8
Carloadings	No.	1,051,139	1,064,761	- 1.3
Gross Revenue C.N.R. (Canadian Lines)	$	118,268,800	94,474,700	+25.2
Gross Revenue C.P.R.	$	87,722,000	78,266,000	+12.1
Employment - Unadjusted (4 months' average)				
General Index	1926=100	181.7	165.4	+ 9.9
Manufacturing		222.3	193.4	+14.9
Logging		226.1	248.2	- 8.9
Mining		161.7	176.5	- 8.4
Construction		124.8	111.1	+12.3
Building		179.2	139.2	+28.7
Highway		101.2	117.8	-14.1
Trade		153.8	158.5	- 3.0
Banking - (3 months' average)				
Deposits, Four Classes	$000	3,614,616	3,194,088	+13.2
Current Loans	$000	983,725	1,107,112	-11.1
Circulating Media	$000,000	694.9	513.4	+35.4
Cash and Cheque Payments (4 months') Total	$000,000	21,643	18,791	+15.2
Dominion Finance - April				
Total Revenues	$	177,774,442	170,824,683	+ 4.1
Ordinary Expenditures	$	32,357,662	25,092,985	+29.0
War Expenditures	$	136,957,442	135,004,611	+ 1.4
United Kingdom War Financing	$	---	80,000,000	- ---
National Income (Tentative Computation)	$000,000	2,850	2,298	+24.0

Twenty-one items recorded declines, while thirty-one showed increases.

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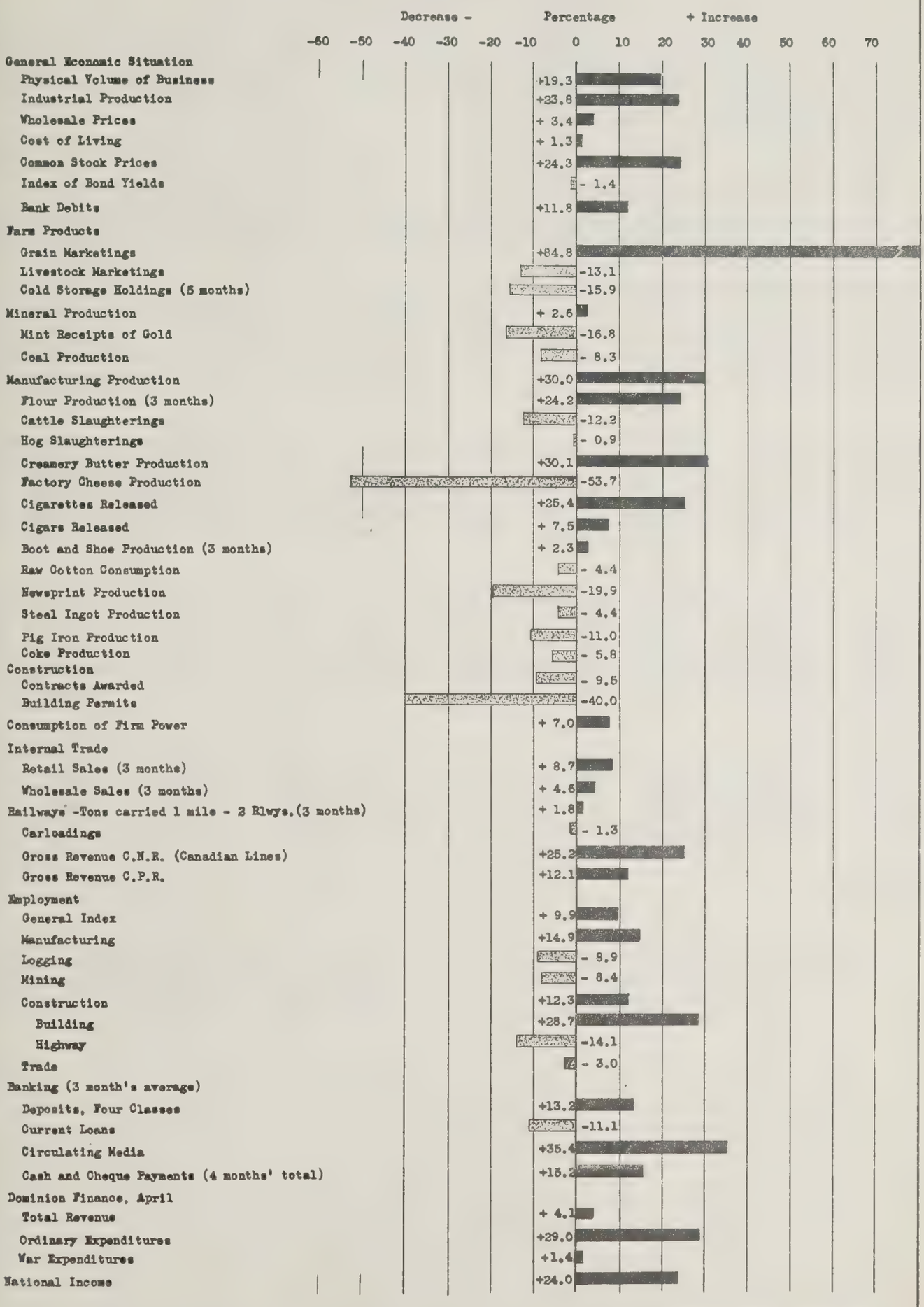
Minister of Trade and Commerce

THE ECONOMIC SITUATION IN CANADA

for the first four months of 1943

as compared with the same period of last year



Dominion Bureau of Statistics

Twenty-one items recorded declines while thirty-one showed increases.

TABLE A - INCOME ORIGINATING BY INDUSTRIAL AND SERVICE GROUPS.

1919 - 1942

$000

With revisions as of May, 1943.

Year	Primary Production (a)	Secondary Production (b)	Transportation (c)	Trade (d)	Finance (e)	Government (f)	Service (g)	All Industries Before Deduction of International Bal. of Div. and Interest (h)	All Industries After Deduction of International Bal. of Div. and Interest (i)
1919	1,260,862	902,697	391,423	492,496	291,125	223,793	428,017	3,990,413	3,816,113
1920	1,419,552	1,053,594	443,868	579,478	341,148	448,189	483,824	4,769,653	4,597,853
1921	877,661	725,877	407,800	479,428	367,506	403,179	436,769	3,698,220	3,507,220
1922	954,311	727,223	421,799	470,704	406,054	454,709	427,375	3,862,175	3,670,975
1923	1,020,989	776,977	450,764	490,253	422,575	451,359	446,142	4,059,059	3,847,059
1924	1,084,323	729,422	433,994	479,878	469,113	413,236	457,180	4,067,146	3,865,446
1925	1,304,252	771,327	458,106	529,880	459,917	456,725	468,373	4,448,580	4,238,980
1926	1,281,530	870,802	504,683	589,520	501,388	489,143	487,969	4,725,035	4,507,335
1927	1,336,185	968,562	515,752	607,785	508,404	518,972	509,200	4,964,860	4,738,360
1928	1,503,212	1,081,550	567,026	655,811	600,746	561,529	534,893	5,504,767	5,269,467
1929	1,404,724	1,192,546	562,930	673,849	592,333	554,664	563,473	5,544,519	5,272,619
1930	1,032,534	1,063,398	499,934	575,040	581,684	453,000	553,629	4,759,219	4,452,419
1931	729,992	835,542	392,544	479,032	524,941	396,783	514,001	3,872,835	3,579,535
1932	568,421	584,136	317,900	379,008	342,369	427,060	469,311	3,088,205	2,812,905
1933	599,464	532,440	284,756	366,186	308,807	431,303	440,048	2,963,004	2,722,504
1934	782,226	601,769	313,248	414,593	361,228	453,035	460,665	3,386,764	3,147,164
1935	863,014	682,767	324,948	442,192	367,188	453,849	476,996	3,610,954	3,371,254
1936	996,093	777,365	351,954	481,888	402,266	586,330	497,159	4,093,055	3,827,255
1937	1,180,851	931,127	382,492	538,426	428,670	634,254	531,884	4,627,704	4,346,104
1938	1,151,825	922,636	368,247	540,767	424,999	616,981	543,703	4,569,158	4,281,358
1939	1,275,608	983,331	405,681	547,456	425,849	661,551	553,811	4,853,287	4,567,487
1940	1,440,378	1,181,067	466,374	584,087	436,843	981,459	591,556	5,681,764	5,394,364
1941	-	-	-	-	-	-	-	-	6,500,000
1942	-	-	-	-	-	-	-	-	7,500,000

Owing to research in process, the detail for 1941 and 1942 is omitted. Column (i) is altered from Column (a) appearing in "Economic Conditions during the first two months" through a different treatment of "Other Labour Income".

The table is useful for shedding light on the relative importance of the different industrial and service groups. The inter-war trend of decline or advance and the response of different types of activity to the impact of depression and recovery are also demonstrated. Certain difficulties prevent a direct answer to the relative contributions of the seven major groups. Processing activities are combined with forestry, fisheries and mining in such a way that it is difficult to separate the primary and secondary phases. The practice has been to combine processing activities with the primary industries and to report manufacturing with the duplication eliminated.

Another problem arises from the heavy negative balance with other countries on dividend and interest payments. It is difficult to obtain a distribution of the balance by the different industries and groups. The result is that statistics of productive sources are normally presented on a produced basis rather than on a realized basis so far as residents of Canada are concerned.

(a) Primary production comprises six industries. Agriculture includes fur farming and the woods operations of the farmer on his own property. Dairy activities are limited to the production of milk, butter and cheese on the farm itself. Forestry includes the operations of the lumber and pulp and paper industries, as well as woods operations other than those of the farmer on his wood lot. Fish canning and curing plants, as well as primary operations are included in the fisheries group. The activities of trappers and hunters are considered in connection with the trapping industry to the exclusion of fur farming.

As the final product is the first to which a commercial value is ordinarily assigned, the processing industries of smelting, cement, clay products, lime and salt are included in mining. The electric power group coincides with central electric stations as annually reported by the Bureau.

(b) Secondary production embraces construction, manufacturing, n.e.s. and custom and repair. Construction covers operations as reported in recent years by the Bureau. Manufacturing production n.e.s. is exclusive of processing activities closely connected with several primary industries. As intimated above, saw-milling, and pulp and paper operations are included with forestry; fish canning and curing is a part of the fisheries industry, while smelting, cement, clay products, lime and salt are treated along with mining. The eight industries, for the purpose of avoiding duplication, are excluded from manufactures n.e.s. Custom and repair includes thirteen industries of which dyeing, cleaning and laundry, and automobile garages are the more important. The industrial section of the decennial census furnishes periodical information in regard to the personnel in these industries. The census of merchandising and service of 1930 was useful in estimating the operating accounts.

(c) Annual reports of the Bureau supply considerable information regarding the following industries in the transportation-communication group: Steam and electric railways, civil aviation, express, telegraphs, and telephones. As the railway companies also operate hotels, express and telegraph services, it is necessary to separate the records of these subsidiary activities, avoiding duplication with other groups. Water and road transport, warehousing and storage are also regarded as industries in this main group, the operating accounts being estimated on the basis of occupational data, furnished by the decennial census and other relevant information.

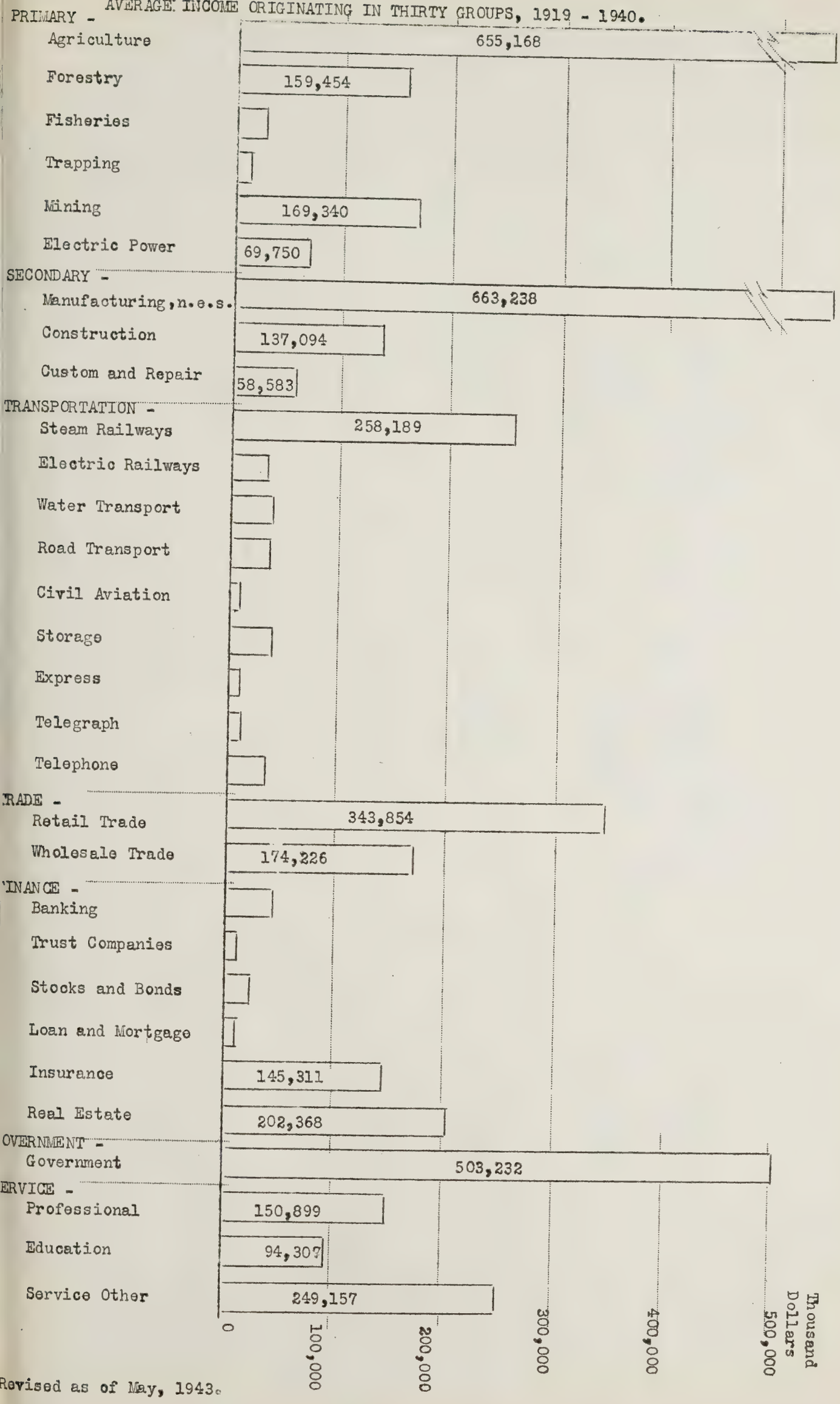
(d) Trade is subdivided into the retail and wholesale divisions, retail services being treated elsewhere.

(e) The finance industries include banking, trust companies, loan and mortgage, stock and bond dealers, insurance and real estate. Non-farm mortgage interest and net rentals, paid and imputed, are estimated for inclusion along with the real estate industry.

(f) Government income originating, including Dominion, Provincial and Municipal administration, is computed from the public accounts. Educational, railway and other operations were eliminated so as to avoid duplication.

(g) The other major group consists of professional, educational and personal services. The latter is a composite of recreation, business service, barber shops and beauty parlours, undertaking, photography, hotels and restaurants, boarding and lodging houses, domestic and miscellaneous service.

AVERAGE INCOME ORIGINATING IN THIRTY GROUPS, 1919 - 1940.



Revised as of May, 1943.

RELATIVE IMPORTANCE OF THE SEVEN SOURCES OF NATIONAL INCOME

Annual Average Income Originating, 1919-1940, Revised as of May, 1943.

PRIMARY PRODUCTION AND PROCESSING

25.3 p.c.

$1,094,000,000

SECONDARY PRODUCTION

19.9 p.c.

$859,000,000

TRANSPORTATION

9.7 p.c.

$421,000,000

TRADE

12.0 p.c.

$518,000,000

FINANCE

10.1 p.c.

$435,000,000

GOVERNMENT

11.6 p.c.

$503,000,000

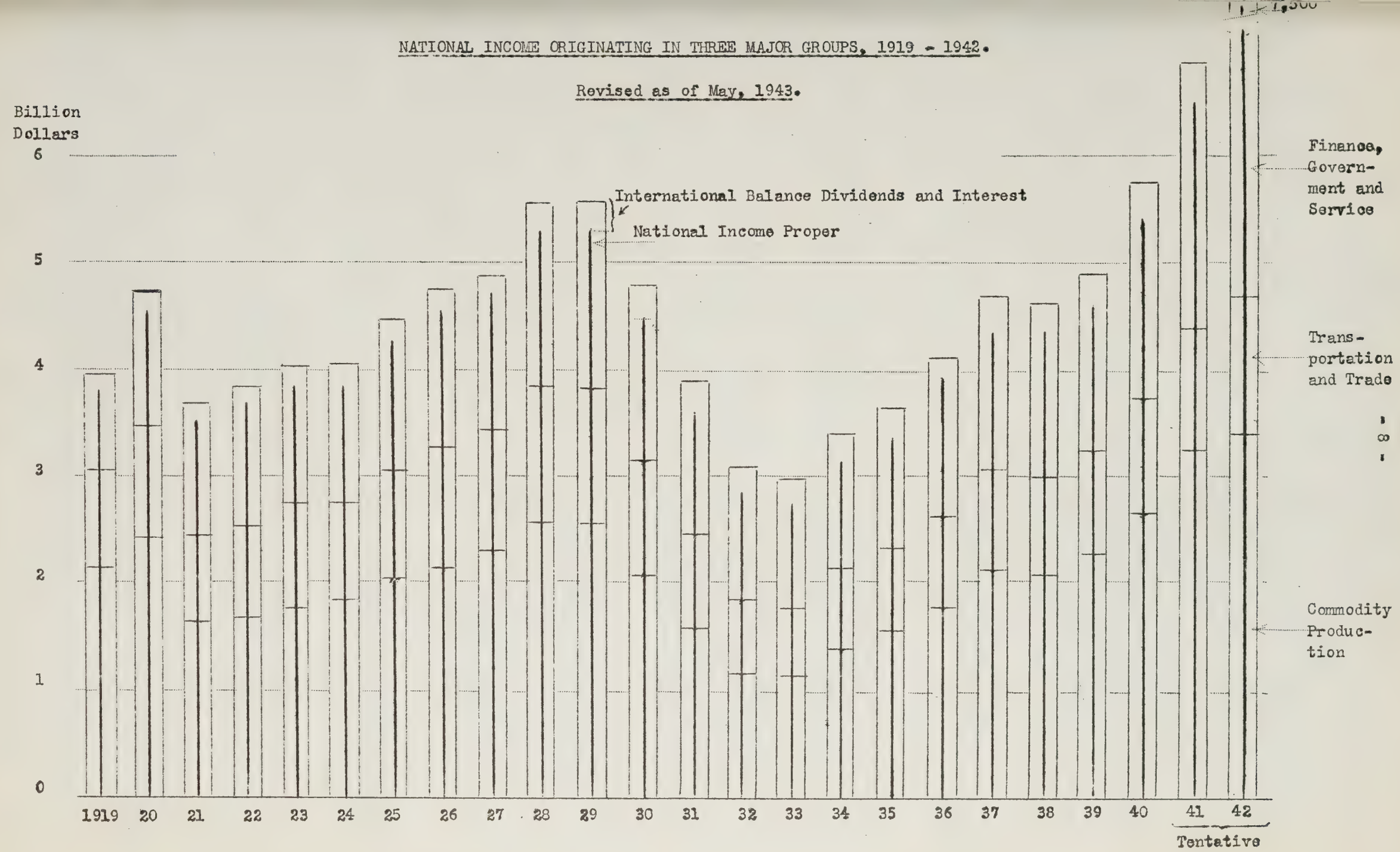
SERVICE

11.4 p.c.

$494,000,000

NATIONAL INCOME ORIGINATING IN THREE MAJOR GROUPS, 1919 - 1942.

Revised as of May, 1943.



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DOMINION BUREAU OF STATISTICS - OTTAWA
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Dominion Statistician: S. A. Cudmore, M.A.(Oxon.), F.S.S., F.R.S.C.
Chief, Business Statistics Branch: Sydney B. Smith, M.A.

ECONOMIC CONDITIONS IN CANADA DURING THE FIRST FIVE MONTHS OF 1943 COMPARED WITH THE SAME PERIOD OF 1942

Each of the six major factors indicating the trend of economic conditions recorded advances in the first five months of 1943 over the same period of the preceding year. Productive operations as indicated by the index of the physical volume of business showed a gain of nearly 20 p.c., reflecting the influence of continued expansion in the operations of war plants. The deposit liabilities of the banks during the first four months averaged $3,707 million against $3,211 million in the same period of last year, representing a gain of 15.4 p.c. A marked upward trend has been recorded in deposits since the outbreak of hostilities.

The more confident attitude regarding the outcome of the war was the main influence in the advance of speculative factors. The index of common stock prices averaged 80 in the first five months of 1943 against 63.4 in the same period of last year, a gain of more than 26 p.c.

Prices

Minor gains were recorded in the prices of commodities at wholesale and of high-grade bonds. The index of wholesale prices on the base of 1926 was 98.2 against 94.8 in the same period last year, a gain of 3.6 p.c. A minor recession was shown in the index of bond yields indicating a slightly higher level in the prices of Dominion Bonds.

National Income

The tentative computation of the national income was $752 million in May against $737 million in the preceding month. The aggregate for the first five months was $3,603 million compared with $2,927 million in the same period of 1942, a gain of more than 23 p.c. The index on the base of 1935-39 was 221.2 in May compared with 185.1 in the same month last year. The economic expansion in the elapsed portion of the present year resulted in a national income greater than at any other time in Canada's history.

Productive Operations

Four of the five main components of the index of the physical volume of business recorded gains in the first five months of the present year over the same period of 1942. The indexes of manufacturing production and mineral production recorded gains of 29.6 and 8.4 p.c. respectively. The electric power industry showed an output of 14.4 billion kilowatt hours against 13.3 billion in the first five months of 1942, the gain having been 8.2 p.c. The factors showing the distribution of commodities indicated gains in the period under review. Wholesale sales and retail sales recorded gains of 7.8 p.c. and 5.6 p.c. over the first four months of last year. The revenue freight carried by the railways recorded a gain of more than 4 p.c. during the period for which statistics are available.

Construction

The new business obtained by the construction industry was at a lower level in the elapsed portion of 1943. Contracts awarded were $81.6 million against $88.2 million, a decline of 7.4 p.c. A greater decline was recorded in the building permits issued in 58 municipalities.

Employment

The general index of employment averaged 181 in the first five months of the present year against 165.8 in the same period of 1942, a gain of 9.2 p.c. Advances were recorded in manufacturing and construction, while mining, logging and trade showed reaction.

Finance

The total revenues of the Dominion Government showed decline in the first two months of the year due, in part to the timing of income tax payments. Ordinary expenditures mounted from $66.3 million to $84.1 million, war expenditures on Canadian account having been at a considerably higher level. Current loans of the chartered banks receded from $1,119 million to $964 million, a decline of nearly 14 p.c. The circulating media in the hands of the public rose 35.5 p.c., while the cheque and cash payments in the first five months were more than $29 billion against $23.9 billion in the first five months of 1942, a gain of 21.7 p.c.

Table 1. Statistics Illustrating the Economic Situation of Canada for the First Five Months of 1943 compared with the Same Period of Last Year.

	Unit or Base Period	First Five Months 1943	First Five Months 1942	Per Cent Increase + Decrease -
General Economic Situation	—			
Index of Physical Volume of Business	1935-9=100	231.9	193.6	+ 19.8
Index of Industrial Production	1935-9=100	268.5	215.7	+ 24.5
Wholesale Prices	1926=100	98.2	94.8	+ 3.6
Cost of Living	1935-9=100	117.4	115.8	+ 1.4
Index of Common Stock Prices	1935-9=100	80.1	63.4	+ 26.3
Index of Bond Yields	1935-9=100	97.9	99.5	- 1.6
Bank Debits	$ 000	21,117,778	17,824,665	+ 18.5
Production and General Business	—			
Farm Products -				
Index of Grain Marketings	1935-9=100	183.7	84.9	+ 116.4
Index of Livestock Marketings	1935-9=100	89.2	98.4	- 9.3
Index of Cold Storage Holdings (6 months)	1935-9=100 —	138.7	158.5	- 12.5
Mineral Production	1935-9=100	255.6	235.8	+ 8.4
Gold Receipts at Mint	Fine Ozs.	1,619,495	1,971,493	- 17.9
Coal Production	Tons	7,448,523	8,003,260	- 6.9
Manufacturing Production	1935-9=100	291.7	225.0	+ 29.6
Flour Production (4 months)	Bbls.	8,204,158	6,908,582	+ 18.8
Cattle Slaughterings	No.	622,013	675,524	- 7.9
Hog Slaughterings	No.	2,740,710	2,710,024	+ 1.1
Creamery Butter Production	Lbs.	95,515,193	77,970,862	+ 22.5
Factory Cheese Production	Lbs.	25,996,973	50,335,353	- 48.4
Cigarettes released	No.	4,766,022,332	3,848,212,483	+ 23.9
Cigars released	No.	83,677,248	78,007,076	+ 7.3
Leather Boots and Shoes (4 months)	Pairs	9,804,400	9,585,412	+ 2.3
Raw cotton Consumption	Lbs.	80,339,205	84,656,640	- 5.1
Paper and Lumber -				
Newsprint Production	Tons	1,185,825	1,415,412	- 16.2
Iron and Steel -				
Steel Ingot Production	Short Ton	1,259,652	1,305,896	- 3.5
Pig Iron Production	Short Ton	719,900	806,039	- 10.7
Coke Production	Short Ton	1,302,810	1,363,835	- 4.5
Construction -				
Contracts awarded	$	81,648,100	88,191,000	- 7.4
Building Permits (58 Municipalities)	$	20,218,604	29,300,980	- 31.0
Consumption of Firm Power	000 K.W.H.	14,355,296	13,262,595	+ 8.2
Internal Trade -				
Wholesale Sales (4 months)	1935-9=100	155.7	144.5	+ 7.8
Retail Sales (4 months)	1935-9=100	144.6	136.9	+ 5.6
Railways - Tons carried 1 mile - (4 months) 2 Rlys.	000,000 tons	16,538	15,885	+ 4.1
Carloadings	No.	1,334,970	1,348,195	- 1.0
Gross Revenue C.N.R. (Canadian Lines) (4 months)	$	118,268,800	94,474,700	+ 25.2
Gross Revenue C.P.R. (4 months)	$	87,722,000	78,266,000	+ 12.1
Employment - Unadjusted (5 months' average)				
General Index	1926=100	181.0	165.8	+ 9.2
Manufacturing		222.5	195.1	+ 14.0
Logging		207.3	230.3	- 10.0
Mining		160.9	175.9	- 8.5
Construction		123.0	110.8	+ 11.0
Building		175.2	137.9	+ 27.0
Highway		101.3	117.1	- 13.5
Trade		153.4	157.5	- 2.6
Banking - (4 months' average)				
Deposits, Four Classes	$000	3,706,894	3,211,121	+ 15.4
Current Loans	$000	964,049	1,119,289	- 13.9
Circulating Media	$000,000	701.1	517.6	+ 35.5
Cash and Cheque Payments (5 months' Total)	$000,000	29,070	23,879	+ 21.7
Dominion Finance - April and May				
Total Revenues	$	382,830,503	504,813,659	- 24.2
Ordinary Expenditures	$	84,090,127	66,253,715	+ 26.9
War Expenditures	$	409,163,157	342,566,185	+ 19.4
United Kingdom War Financing	$	-	220,000,000	-
National Income (Tentative Computation)	$000,000	3,603	2,927	+ 23.1

Twenty-one items recorded declines, while thirty-one showed increases.

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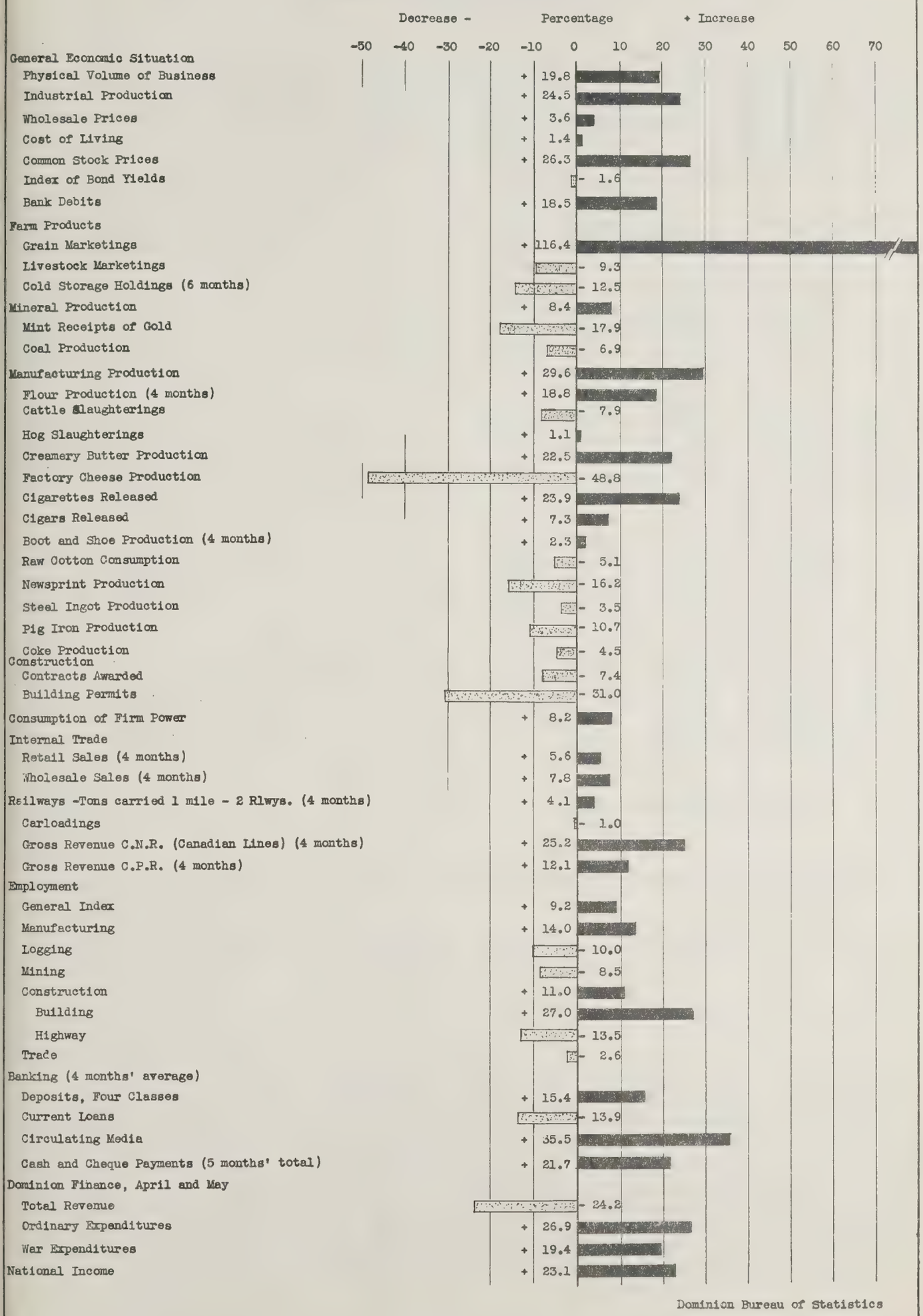
Minister of Trade and Commerce

THE ECONOMIC SITUATION IN CANADA

for the first five months of 1943

as compared with the same period of last year



Dominion Bureau of Statistics

Twenty-one items recorded declines while thirty-one showed increases.

TABLE A. - INVESTMENT INCOME BY PRINCIPAL CLASSES, 1919 - 1940

$000

Year	Net Dividends	Net Int. on Bonds and Debentures	Int. on Savings Deposits	Int. from Insurance and Annuity Contracts	Pensions and Annuities	Mortgage Interest	Net Rentals	Investment Income Before Deduction of International Bal. of Div. and Interest	Investment Income After Deduction of International Bal. of Div. and Interest
1919 ...	171,820	158,834	25,268	16,485	25,661	41,012	107,866	546,946	372,646
1920 ...	193,654	187,325	27,593	16,425	39,275	44,780	130,160	639,212	467,412
1921 ...	181,522	201,160	28,426	16,699	39,483	47,157	160,158	674,605	483,605
1922 ...	182,897	215,082	28,365	19,218	37,341	48,882	183,640	715,425	524,225
1923 ...	191,664	214,649	28,906	21,614	38,330	48,710	198,785	742,658	530,658
1924 ...	194,045	214,779	30,088	23,092	40,534	49,574	208,401	760,513	558,813
1925 ...	213,809	209,763	29,770	25,539	43,289	50,616	208,812	781,598	571,998
1926 ...	249,163	217,401	31,419	26,579	44,861	52,801	205,520	827,744	610,044
1927 ...	253,935	222,838	33,141	29,970	47,544	57,496	197,368	842,292	615,792
1928 ...	289,762	227,597	35,630	33,630	51,192	65,377	207,333	910,521	675,221
1929 ...	327,041	231,583	36,857	39,495	52,544	68,217	215,995	971,732	699,832
1930 ...	367,896	248,827	36,876	45,372	66,607	71,024	226,783	1,063,385	756,585
1931 ...	318,833	254,189	37,807	50,429	73,743	71,072	197,910	1,003,983	710,683
1932 ...	241,949	264,951	35,650	57,780	69,946	67,350	143,600	881,226	605,926
1933 ...	189,001	265,818	31,781	59,271	70,888	61,341	101,480	779,580	539,080
1934 ...	196,000	273,813	29,207	53,758	75,140	59,685	79,189	766,792	527,192
1935 ...	224,971	258,369	25,560	50,874	79,332	57,124	90,131	786,361	546,661
1936 ...	260,172	241,489	22,958	49,311	82,274	57,924	95,547	809,675	543,875
1937 ...	302,271	225,676	21,240	48,932	91,380	55,529	122,610	867,638	586,038
1938 ...	320,672	218,840	20,749	50,500	98,204	53,976	137,932	900,873	613,073
1939 ...	323,856	218,806	21,082	54,163	101,123	50,248	155,661	924,939 1/	639,139 1/
1940 ...	324,772	223,816	20,316	53,271	103,488	49,027	169,338	944,028 1/	656,628 1/
1919-1940 Annual Averages	250,896	227,073	29,031	38,291	62,372	55,860	161,101	824,624	583,415

1/ Due to later changes. The totals for 1939 and 1940 are somewhat different from the results recently published.

NOTES TO TABLE "A"

Investment income, including pensions, rents, dividends, bond, mortgage and other interest, comprised about 14.6 p.c. of the total flow of income to individuals during the 22 years from 1919 to 1940. After adjustment for international payments, net dividends and bond interest amounted to 5.9 p.c., mortgage interest and net rentals made up 5.4 p.c., while interest on savings deposits and insurance and annuity contracts plus pensions and annuities constituted 3.3 p.c. of aggregate income received by Canadians. The remaining 85.4 p.c. was made up of occupational income such as salaries and wages, workmen's compensation for injuries, living allowances of so-called unpaid labour and withdrawals of working proprietors. Roughly speaking, six-sevenths of the payments to consumers is occupational income and one-seventh, investment income.

Dividends

Only a part of the dividends paid by Canadian corporations was received by individuals living in Canada. A considerable portion was paid to other companies and an even larger sum to shareholders living abroad. On the other hand, dividends, declared and paid by external companies were received in appreciable amount by Canadian shareholders. The total of net dividends received by individuals in Canada is determined from the annual compilations of the Income Tax Division, of the unit engaged on the International Balance of Payments and by an examination of a large number of corporation accounts.

Bond Interest

A similar procedure is followed in computing the amount of bond interest received by individuals. Bond interest received by insurance companies and other financial institutions being generally in excess of payments, appears as a negative item. Bond interest receipts are deducted from payments by the enterprises of 23 of the thirty industrial and service groups. Negative amounts are shown for banking, trust and insurance companies throughout the entire period. An adjustment is necessary for interest received by individuals from external sources.

Interest on Savings Deposits

Interest on the savings deposits of the chartered and other operating banks was estimated by taking a percentage of the appropriate portion of such accounts. The distribution of notice deposit accounts according to size made available by the chartered banks each year since 1934 was useful in determining the savings deposits of individuals. Trust company payments were determined by multiplying the two-year moving averages of guaranteed funds by the average rates of interest paid. Interest incurred on savings deposits of loan companies was compiled or estimated from the annual reports of the Registrar of Loan Corporations, Ontario, of the Superintendent of Insurance and the Annual Financial Review.

Interest from Insurance and Annuity Contracts

The basic information for the compilation of this item was obtained from the annual Reports of the Superintendent of Insurance from 1919 to the present. A relationship between income and expenditure was the basic assumption. The receipts of the companies and societies consist mainly of premium and investment income. The net income available for insurance and annuity contracts is obtained by deducting supplemental contracts, amounts left with the companies and societies and total expenses from the total income. The investment income consisting of interest, dividends and rents was then expressed as a percentage of the net income available for claims, and this percentage was applied to net disbursements under Insurance Annuity Contracts to estimate investment income paid to policy-holders or their beneficiaries.

Pensions and Annuities

Pensions were compiled in connection with the operating accounts of steam railways, electric railways, telephones, banking, insurance, education and government. The Dominion Government disbursed Indian annuities under Section 162 of the Indian Act. There was also included that portion paid out of the Government Annuity account which represented interest on the money invested in the account by the annuitant. Civil service annuities were paid by the Provincial governments of Manitoba and British Columbia.

Mortgage Interest

By utilizing the results of the decennial census, the annual reports of the Dominion and various provincial governments and the yearly statements of insurance, mortgage, trust, bank and railway companies, the amount of mortgage interest paid to individuals was estimated. Mortgages held by individuals are divided into liens on farms and on non-farm property. The latter covers business and industrial property as well as residential, the total being segregated under the industrial group of real estate.

Net Rentals

Net rentals, whether for residential or business property, are an important form of return on investment. Offsetting expenses such as taxes, interest on mortgages, fire insurance, repairs, depreciation, and other costs incidental to the ownership of property are deducted and allowances made for vacancies and non-collection of rents on rented properties to obtain the net return. An estimate of imputed rent for owner-occupied houses is also included. Although a house is regarded as a consumption good, the occupation of it involves an addition to the income of the owner-occupant. The net imputed rental is estimated on the basis of actual rents paid for houses of similar type and location.

CHART A RELATIVE IMPORTANCE OF SEVEN TYPES OF INVESTMENT INCOME

Before Deduction of International Balance of Dividends and Interest

In Terms of Annual Averages, 1919-1940.

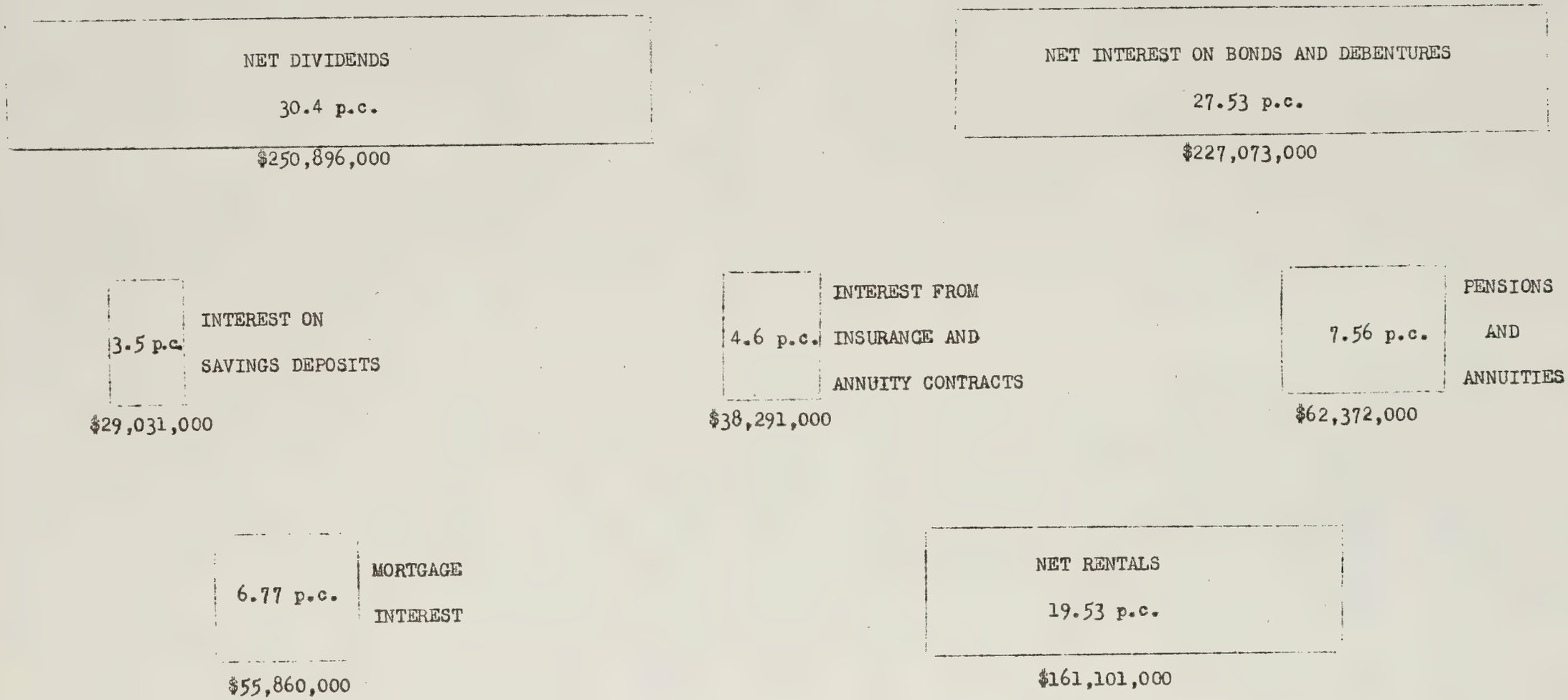
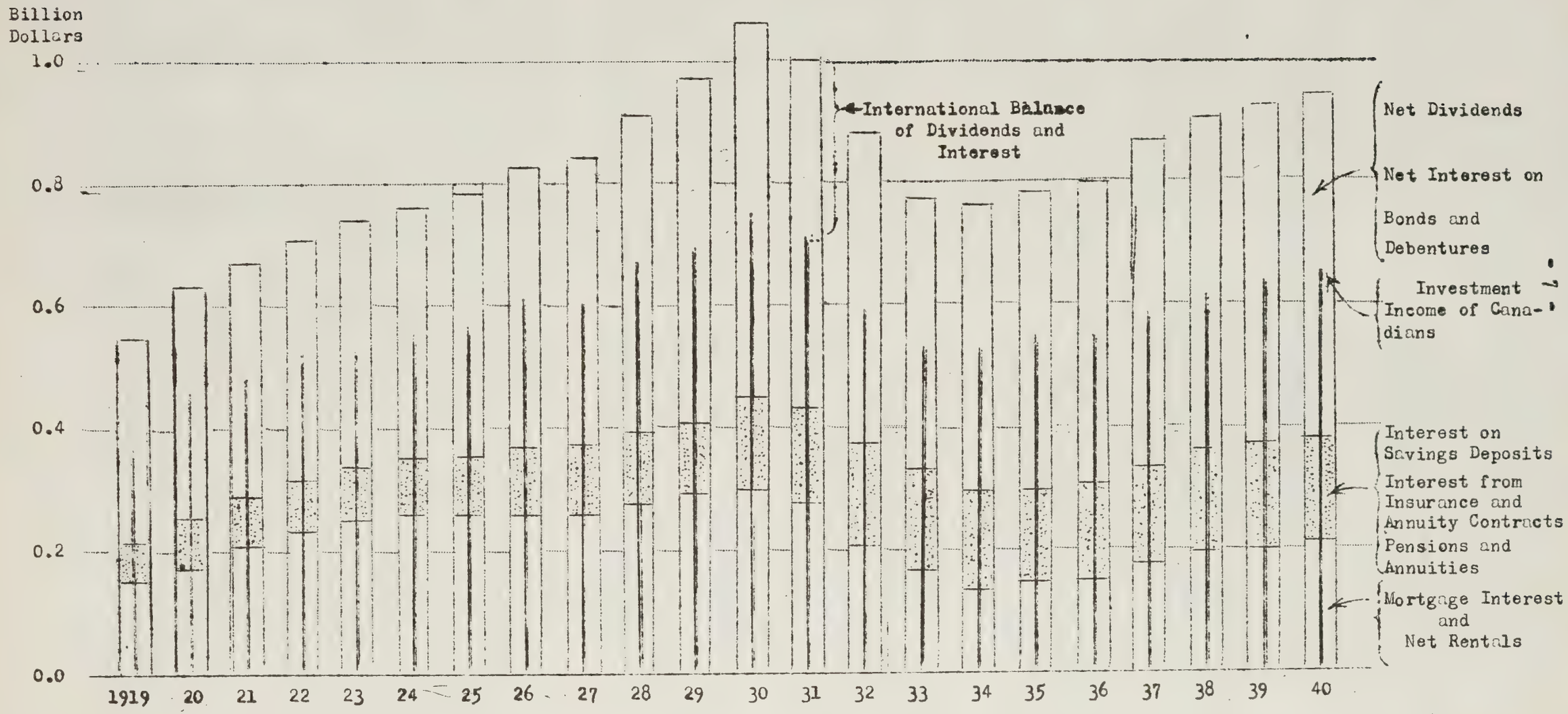


CHART B INVESTMENT INCOME BY PRINCIPAL ITEMS 1919-1940



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DOMINION BUREAU OF STATISTICS - OTTAWA
BUSINESS STATISTICS BRANCH

Dominion Statistician: S. A. Cudmore, M.A.(Oxon.), F.S.S., F.R.S.C.
Chief, Business Statistics Branch: Sydney B. Smith, M.A.

ECONOMIC CONDITIONS IN CANADA DURING THE FIRST HALF OF 1943 COMPARED WITH THE SAME PERIOD OF 1942.

The factors indicating the trend of economic conditions averaged higher in the first half of 1943 than in any other period. Productive operations showed a continuance of the upward trend in evidence since the outbreak of hostilities. Stimulated by war demands, the operation of productive enterprises reached a new high level. A tendency toward levelling off was registered in the last two months of the period.

Industrial employment averaged much higher in the first half of the present year than in any other period in Canada's industrial history. The index of employment, after seasonal adjustment, was well maintained during the first four months of the present year, a new high point of 191.3 having been reached at the beginning of April. The adjusted index based on 1926 showed recession in the last two months of the period under review. The general index averaged 181.1 in the first half of 1943 against 166.8 in the same period last year, a gain of 8.6 p.c.

The trend of wholesale prices was upward during the first half of the present year. The average index during the first six months was 98.5 against 95.0 in the same period of 1942. While the indicated increase of 3.7 p.c. was of moderate proportions, the gain was in continuance of a marked advance initiated with the commencement of hostilities. An intermediate reaction in evidence during 1938 has since been more than counterbalanced by the important advance since August, 1939. The upward movement was modified subsequent to November, 1941 upon the application of more effective price control.

The cost of living index based upon the five-year period from 1935 to 1939 averaged 117.6 in the first half of 1943 against 116.0 in the same period last year, a gain of 1.4 p.c. Since February the index has risen steadily with the total increase amounting to 1.9 points. It now stands exactly on a par with the index of last December. Wholesale price indexes of farm production and industrial materials made advances in June and were almost equivalent to the corresponding price levels in 1926. The wholesale index of farm production and industrial production rose in June over the preceding month.

Contingent upon the marked expansion in Canadian banking accounts, due to war financing, an outstanding increase was recorded in the deposit liabilities of the chartered banks. The sum of the four classes of deposits averaged $3.8 billion during the first half of the present year, a gain of about 21 p.c. over the same period of 1942. An upward trend has been shown in deposits since the beginning of 1934, the pace being greatly accelerated since the outbreak of the war. At the beginning of June, total deposits were $4.2 billion against $3.1 billion in the same period of the preceding year. Circulating media in the hands of the public, including bank notes and subsidiary coin, rose from $527.7 billion to $713 billion during the same interval. The money supply, consisting of circulating media and deposits, rose from $3,675 million in July, 1942 to $4,883 million on the same date of the present year. Cash and cheque payments during the first half of 1943 were $34,968 as compared with $28,998 million, a gain of 20.6 p.c. The marked gain in the amount of cheques cashed was partly due to the heavy payments on the fourth Victory Loan during the period under review.

While Dominion bond prices were slightly higher in the first half of the present year than in the same period of 1942, it is obvious that marked stability has characterized the high-grade market. Following the recovery in bond prices from October, 1939 to the relatively high level of the latter part of 1940, no important trend has been recorded in Dominion bonds. The index of bond yields receded from an average of 99.4 in the first half of 1942 to 97.8 in the same period of the present year.

A spectacular change in the movement of speculative factors occurred during the first half of the present year. The wartime low point of common stock prices was recorded during the third quarter of 1942. Marked recovery commenced in September of last year and continued through the first half of 1943. An index of common stocks averaged 81.1 in the first six months against 63.3 in the same period of last year, a gain of more than 28 p.c. The volume of trading on the stock exchanges followed a similar pattern.

Grain marketings rose sharply in the first half of the present year. The index advanced from 84.5 to 202, while live stock marketings and cold storage holdings were at a lower level in the period under review.

The index of the physical volume of business was 231 in the first half of the present year against 196 in the same period in 1942. The rise in mineral production was 14.4 p.c., the index averaging 262.3 in the first half of the present year in comparison with 229.2. Manufacturing was at a hew high point, 26.1 p.c. above the same period last year, the index being 288.8 against 229.0. The output of flour and creamery butter showed marked increases over the same period of 1942, while the gain in the release of tobacco indicated greater activity in the industry. The advance in the release of cigarettes was 19.5 p.c.

The central electric stations recorded greater output in the first half of 1943. The total consumption of firm power was 17.2 billion kilowatt hours against 15 billion, a gain of 9 p.c.

Factors indicating the trend of distribution recorded considerable increase. Retial sales showed an average gain of 4.5 p.c. over the first half of last year. Railway traffic as indicated by statistics of tons carried one mile, rose about 5 p.c. in the first half of the present year. The total was 21.4 billion ton-miles against 20.4 billion in the same period last year. The increase in the gross revenue of the C.P.R. was 11.7 p.c. to $112.3 million.

The total revenue of the Dominion government receded from $620 million from April to June to $582 million in the same period of 1943, a decline of 6.2 p.c. Ordinary expenditures rose from $132 million to $149 million. The increase in war expenditures, exclusive of the United Kingdom War Financing, rose 20 p.c. The expenditure in the first three months of the last fiscal year was $360 million. No account was taken of expenditures under the Mutual aid account during the period from April to June last.

National income was $751,876,000 in June compared with $649,177,000 in the same month last year. The gain during the half year over the same period of 1942 was 21.8 p.c., the total having been $4,355,000,000.

Table 1. Statistics Illustrating the Economic Situation of Canada for the first half of 1943 compared with the Same Period of Last Year.

	Unit or Base Period	First Six Months 1943	1942	Per Cent Increase + Decrease -
General Economic Situation	-			
Index of Physical Volume of Business	1935-9=100	231.0	195.8	+ 18.0
Index of Industrial Production	1935-9=100	266.8	218.5	+ 22.1
Wholesale Prices	1926=100	98.5	95.0	+ 3.7
Cost of Living	1935-9=100	117.6	116.0	+ 1.4
Index of Common Stock Prices	1935-9=100	81.1	63.3	+ 28.1
Index of Bond Yields	1935-9=100	97.8	99.4	- 1.6
Bank debts	$ 000	25,467,387	21,591,707	+ 17.9
Production and General Business	-			
Farm Products -				
Index of Grain Marketings	1935-9=100	201.9	84.5	+ 138.9
Index of Livestock Marketings	1935-9=100	92.3	101.0	- 8.6
Index of Cold Storage Holdings (7 months)	1935-9=100	137.8	155.5	- 11.4
Mineral Production	1935-9=100	262.3	229.2	+ 14.4
Gold Receipts at Mint	Fine Ozs.	1,917,911	2,376,652	- 19.3
Coal Production	Tons	8,853,962	9,416,513	- 6.0
Manufacturing Production	1935-9=100	288.8	229.0	+ 26.1
Flour Production (5 months)	Bbls.	10,304,154	8,390,031	+ 22.8
Cattle Slaughterings	No.	766,527	825,583	- 7.2
Hog Slaughterings	No.	3,278,122	3,172,928	+ 3.3
Creamery Butter Production	Lbs.	142,099,087	119,504,894	+ 18.9
Factory Cheese Production	Lbs.	52,877,955	85,052,676	- 37.8
Cigarettes released	No.	5,541,283,809	4,635,621,152	+ 19.5
Cigars released	No.	100,199,658	95,448,200	+ 5.0
Leather Boots and Shoes (5 months)	Pairs	12,370,753	12,011,597	+ 3.0
Raw cotton Consumption	Lbs.	95,515,019	104,117,359	- 8.3
Paper and Lumber -				
Newsprint Production	Tons.	1,443,670	1,658,174	- 12.9
Iron and Steel -				
Steel Ingot Production	Short Ton	1,499,153	1,559,238	- 3.9
Pig Iron Production	Short Ton	867,789	974,000	- 10.9
Coke Production	Short Ton	1,569,242	1,633,870	- 4.0
Construction -				
Contracts awarded	$	102,126,800	134,947,200	- 24.3
Building Permits (58 Municipalities)	$	25,998,216	36,938,034	- 29.6
Consumption of Firm Power	000 K.W.H.	17,247,626	15,844,640	+ 8.9
Internal Trade -				
Wholesale Sales (5 months)	1935-9=100	157.3	147.4	+ 6.7
Retail Sales (5 months)	1935-9=100	148.3	141.4	+ 4.9
Railways - Tons carried 1 mile - (5 months) 2 Rlys.	000,000 tons	21,416	20,377	+ 5.1
Carloadings	No.	1,632,821	1,634,701	- 0.1
Gross Revenue C.N.R. (Canadian Lines) (5 months)	$	151,246,000	120,861,000	+ 25.1
Gross Revenue C.P.R. (5 months)	$	112,250,934	100,460,055	+ 11.7
Employment - Unadjusted (6 months' average)				
General Index	1926=100	181.1	166.8	+ 8.6
Manufacturing		222.8	196.9	+ 13.2
Logging		197.2	220.1	- 10.4
Mining		160.1	175.4	- 8.7
Construction		123.5	112.9	+ 9.4
Building		172.1	138.0	+ 24.7
Highway		106.3	120.1	- 11.5
Trade -		152.9	156.9	- 2.5
Banking - (6 months' average)				
Deposits, Four Classes	$000	3,846,684	3,180,503	+ 20.9
Current Loans	$000	1,026,204	1,106,904	- 7.3
Circulating Media	$000,000	713.1	527.7	+ 35.1
Cash and Cheque Payments (6 months' Total)	$000,000	34,968	28,998	+ 20.6
Dominion Finance - April to June				
Total Revenues	$	581,761,954	620,293,383	- 6.2
Ordinary Expenditures	$	149,160,942	132,433,456	+ 12.6
War Expenditures	$	669,422,537	557,490,675	+ 20.1
United Kingdom War Financing	$	-	360,000,000	-
National Income (Tentative Computation)	$000,000	4,355	3,576	+ 21.8

Twenty-one items recorded declines, while thirty-one showed increases.

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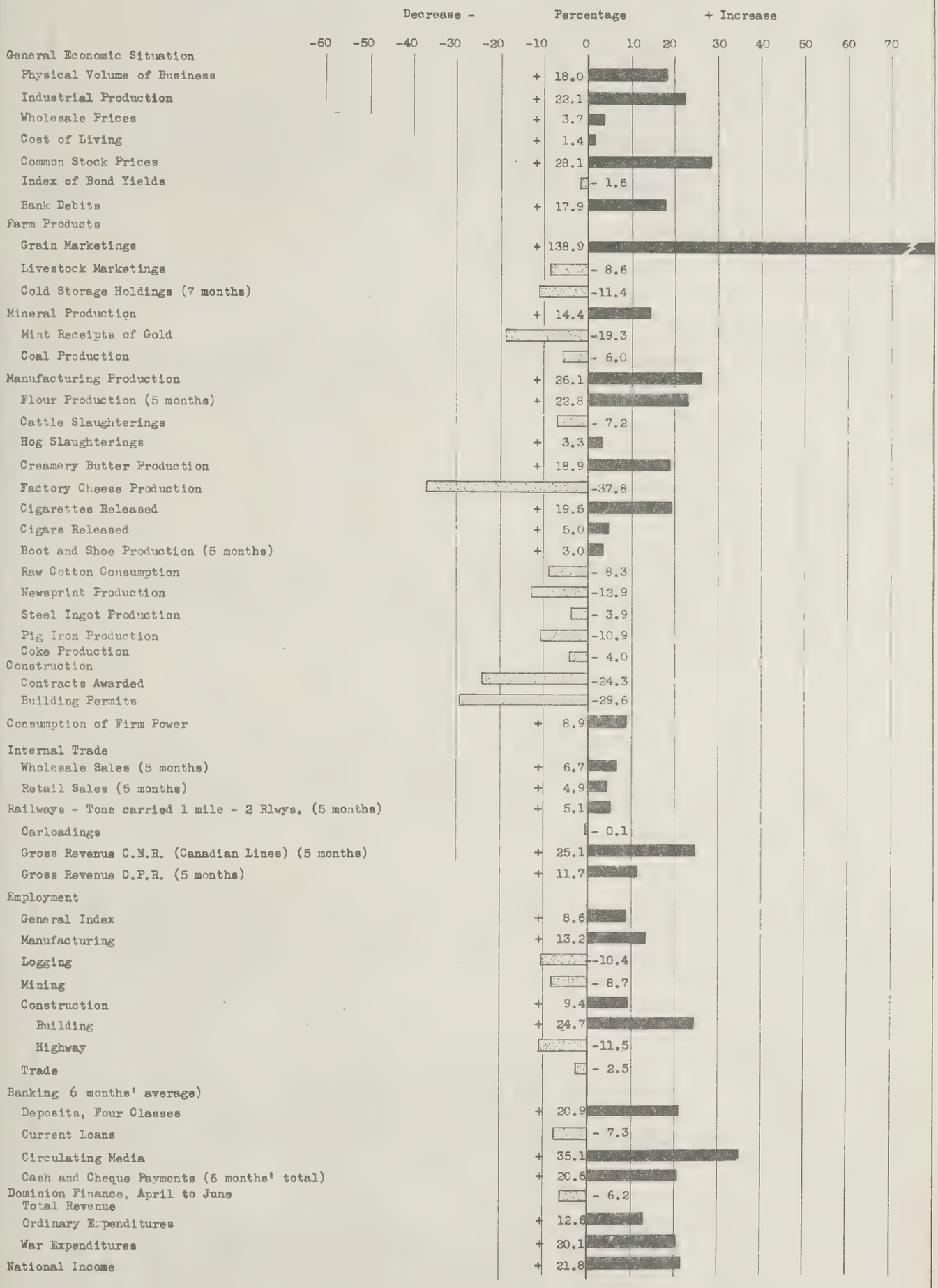
THE ECONOMIC SITUATION IN CANADA

for the first half of 1943

as compared with the same period of last year



Dominion Bureau of Statistics

Twenty-one items recorded declines, while thirty-one showed increases.

TABLE II. - OPERATING ACCOUNTS OF PRIMARY PRODUCTION AND PROCESSING

$ 000

Year	Income Originating	Salaries and Wages	No Pay Allowances	With-drawals	Net Dividends	Net Interest	Payments to Individuals	Positive or Negative Savings
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)
1919	1,260,862	313,746	50,489	725,010	41,921	10,888	1,170,038	+ 90,824
1920	1,419,552	396,346	50,421	803,461	51,155	12,212	1,346,376	+ 73,176
1921	877,661	319,501	50,267	625,708	31,831	16,639	1,078,652	- 200,991
1922	954,311	302,216	46,904	562,410	40,875	18,485	1,006,465	- 52,154
1923	1,020,989	352,549	48,037	595,257	47,396	19,248	1,095,708	- 74,719
1924	1,084,323	340,799	50,712	578,999	52,206	21,655	1,076,357	+ 7,966
1925	1,304,252	344,481	50,187	587,519	60,474	23,112	1,095,275	+ 208,977
1926	1,281,530	370,351	56,153	618,307	68,695	27,973	1,169,552	+ 111,978
1927	1,336,185	390,479	58,591	642,998	66,435	31,053	1,217,973	+ 118,212
1928	1,503,212	411,918	65,547	654,801	68,435	36,646	1,268,315	+ 234,897
1929	1,404,724	409,077	69,998	625,825	81,894	40,251	1,256,841	+ 147,883
1930	1,032,534	385,122	71,450	595,427	88,504	46,111	1,216,046	- 183,512
1931	729,992	282,329	55,232	538,773	72,198	51,515	1,026,160	- 296,168
1932	568,421	221,881	44,919	456,956	58,337	49,224	853,357	- 284,936
1933	599,464	207,478	41,691	391,339	58,602	46,138	764,957	- 165,493
1934	782,226	247,419	41,082	371,195	79,698	45,700	804,689	- 22,463
1935	863,014	278,915	42,722	386,412	87,392	46,206	860,157	+ 2,857
1936	995,093	308,463	41,772	415,628	110,972	42,582	939,517	+ 56,576
1937	1,180,851	371,299	43,131	450,214	140,357	40,668	1,064,973	+ 115,878
1938	1,151,825	369,905	42,547	467,623	139,572	39,559	1,076,508	+ 75,317
1939	1,274,192	390,564	43,615	500,099	147,937	45,996	1,144,520	+ 129,672
1940	1,440,378	448,844	46,567	540,417	153,588	48,411	1,253,195	+ 187,183

Operating Accounts of Primary Production and Processing, 1919,- 1940

Notes on Table II.

The major group of primary production and processing embraces the activities based upon the development and use of natural resources. Six minor groups and industries are included in the compilation. Agriculture includes fur farming and the woods operations of the farmer on his own property. Dairy activities are limited to the production of milk, butter and cheese on the farms. Forestry includes the operations of the sawmilling and pulp and paper industries as well as woods operations other than those of the farmer on his wood lot. Fish canning and curing plants as well as primary operations are included in the fisheries group. The activities of trappers and hunters are considered as constituting the trapping industry to the exclusion of fur farming.

As the final product is the first to which the commercial value is assigned, the processing industries of smelting, cement, clay products, lime and salt are included in mining. The electric power industry coincides with central electric stations as annually reported by the Bureau.

The income originating is computed by deducting from the gross operating revenues, the sum of the cost of commodities and services obtained from other enterprises and depreciation charges. The same result is obtained by the addition of columns (b) to (f) and (h) plus farm mortgage interest paid to individuals.

(b) The salaries and wages paid by farm operators is the product of the number of employees by the annual rate of remuneration. The data furnished by the agricultural division of the decennial census were taken as indicative of conditions in 1920, 1930 and 1940. The census returns for the Prairie Provinces for 1925 and 1935 were also taken into consideration. The numbers were interpolated by provinces by an index of area and production of field crops and the rates were estimated by means of data on annual remuneration in cash and board published by the Agricultural Statistics Branch. The salaries and wages paid in the processing phases of forestry and fisheries are given in annual census reports. The remuneration of employees in woods operations other than on farms, primary fishing and trapping are based mainly on decennial census returns with interpolation according to data prepared annually by the Forestry and Animal Products Branches of the Bureau. The payrolls of the mining and electric power groups are taken directly from the annual census reports.

(c) The living allowances of so-called unpaid labour occupied on farms was derived from annual and decennial census data. The numbers were obtained from the decennial censuses of 1921, 1931, and 1941. The board allowances of farm labourers was useful in estimating the rates of remuneration. The numbers were interpolated by means of an index of the area of field crops. "No pay" allowances were also estimated for primary forestry and fisheries.

(d) The numbers of farm operators were given by the industrial division of the decennial census for the years 1921, 1931 and 1941. The intercensal years were estimated according to the number of occupied farms in each of the nine provinces. The rates were established as a differential over the wage rate in decennial census years and interpolated by means of a smoothed version of the wage rate. Withdrawals were also estimated for other industries in the group except electric power.

(e) and (f) Net dividends and interest on bonds and debentures were computed for forestry, fisheries, mining and electric power. The basic data were obtained by a study of the income statements of companies as presented in "Corporate Securities" and other sources. The results are given without deduction of the international balance, on dividends and interest, that is, the excess of the entire outward payments over the receipts of Canadian residents holding securities of other countries.

(g) Income payments to individuals embrace the sum of columns (b) to (f) as well as the amount of farm mortgage interest paid to individuals.

(h) The positive or negative savings are the difference between the payments to individuals (column g) and income originating (column a). The results for processing, mining and electric power were verified by the examination of corporation accounts.

CHART 1.

INCOME PAYMENTS TO INDIVIDUALS
PRIMARY PRODUCTION AND PROCESSING
BEFORE DEDUCTION OF INTERNATIONAL BALANCE ON DIVIDENDS AND INTEREST

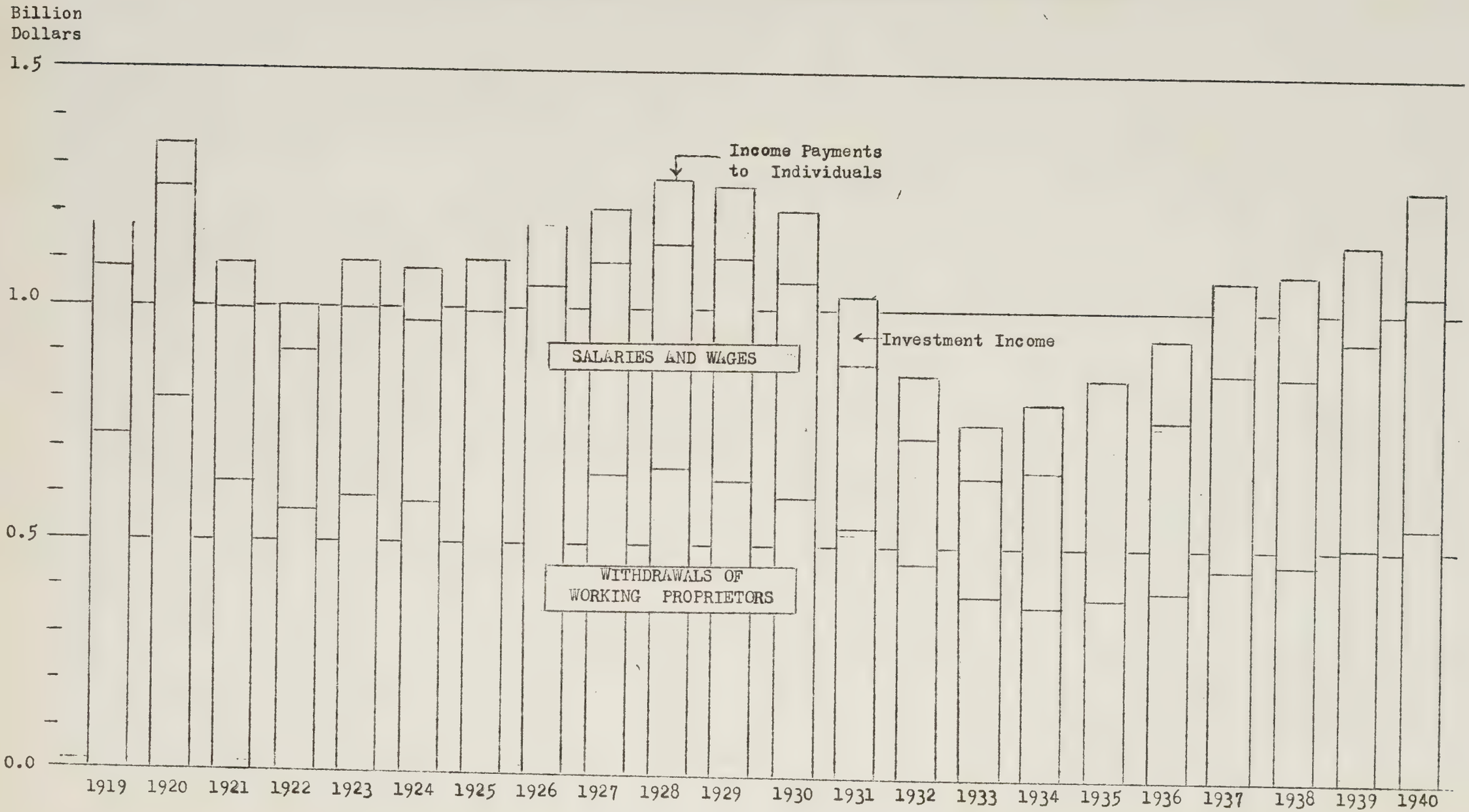


CHART 2.

INCOME ORIGINATING AND PAYMENTS TO INDIVIDUALS

PRIMARY PRODUCTION AND PROCESSING BEFORE DEDUCTION OF INTERNATIONAL BALANCE ON DIVIDENDS AND INTEREST

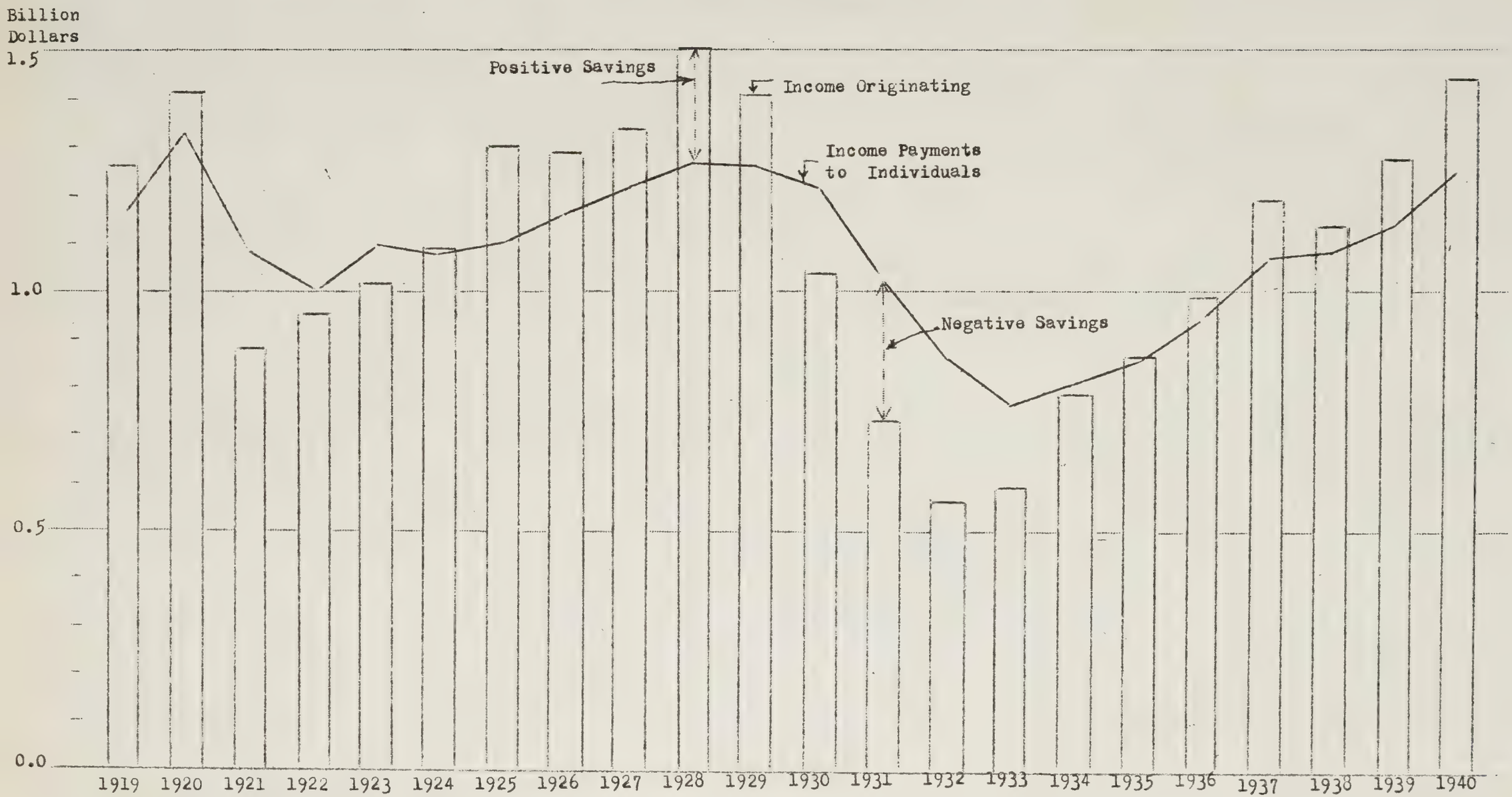
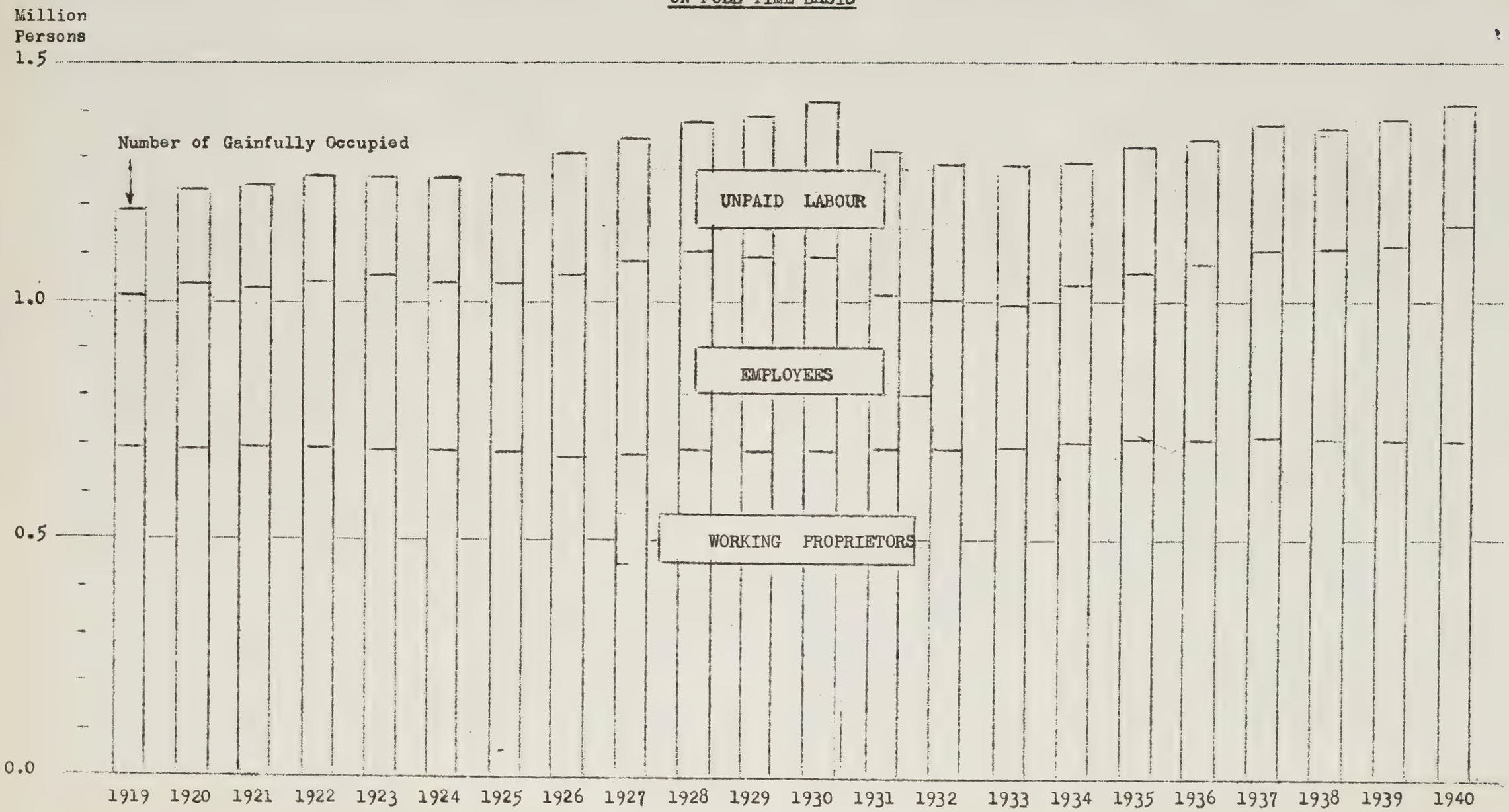


CHART 3.

NUMBER OF PERSONS OCCUPIED
IN
PRIMARY PRODUCTION AND PROCESSING
ON FULL-TIME BASIS



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DEPT. OF POLITICAL SCIENCE
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Minister of Trade and Commerce

DOMINION BUREAU OF STATISTICS - OTTAWA
BUSINESS STATISTICS BRANCH

Dominion Statistician: S. A. Cudmore, M.A.(Oxon.), F.S.S., F.R.S.C.
Chief, Business Statistics Branch: Sydney B. Smith, M.A.

ECONOMIC CONDITIONS IN CANADA DURING THE FIRST SEVEN MONTHS OF 1943 COMPARED WITH THE SAME PERIOD OF 1942.

Each of the major factors indicating the trend of economic conditions recorded advances in the first seven months of the present year over the same period of 1942. Marked advances have been in process for three indicators of fundamental importance since the outbreak of hostilities. The index of business operations showed an advance over the preceding high point of 1929 during the early part of 1940. The acceleration since that time has been extensive. The maximum in current months was reached in April and the standing of the index of the physical volume of business increased in July, counter-balancing most of the recession of the two preceding months. The net result was that the index on the base of 1935-39 averaged 231.7 in the first seven months against 197 in the same period of 1942, the gain was 17.6 p.c. A greater percentage gain was shown in the index of industrial production based on mining, manufacturing, construction and electric power.

The advance in wholesale prices was of more moderate proportions. A marked rise was recorded from the outbreak of hostilities until October, 1941. Since that time the increase of wholesale prices has been of more moderate proportions. In July, however, the index on the basis of 1926, was slightly above par. The increase during the first seven months of the present year was to 98.7 from 95.1 in the same period of 1942, a gain of less than 4 p.c. The composite wholesale index rose 0.6 points in July over the preceding month to reach 100.1. The marked decline from 1929 to the first quarter of 1933 has been more than counter-balanced and the present standing is greater than at any other time for 17 years. A slight gain also occurred in the index of the cost of living, the number averaging 117.8 against 116.2, a gain of 1.4 p.c. Since February the index of the cost of living has risen, the total increase amounting to 1.9 points, which is exactly on a par with the December index and is 0.9 points above the standing of July, 1942, upon which the cost of living bonus was authorized.

Marked changes have occurred in the accounts of the chartered banks since the early months of 1934. The deposit liabilities have, for example, shown an upward trend since that time and the advances were accelerated subsequent to the outbreak of hostilities. The four main classes of deposits averaged $3,847,million in the first six months of the present year against $3,181 million in the same period of 1942, the gain being no less than 20.9 p.c. Circulating media in the hands of the public consisting of bank notes and coin rose from $528 million to $713 million in the same comparison, a gain of 35 p.c. It appears that the turnover of deposits and circulating media was slightly less in the elapsed portion of 1943 as compared with the same period last year, observing that the cash and cheque payments have risen 20.4 p.c. from $34,047 million to $40,983 million. The increase in such payments was slightly less than the gain in the money supply consisting of circulating media and deposits. The trend in current loans presented a contrast to that of the money supply. Current loans averaged $1,026 million in the first six months of the present year against $1,107 million in the same period of 1942, a decline of 7.3 p.c.

The index of high-grade bond yields receded from 99.3, the average for the first seven months of 1942, to 98.7, a decline of 1.6 p.c. Measured by this index the prices of Dominion bonds averaged slightly higher in the present year as compared with the same period of 1942. The increase of high grade bond prices has been of moderate proportions. During the first month of hostilities Dominion bonds experienced a setback, a considerable part of which was counter-balanced in subsequent months.

The advance of common stock prices, starting in February last year, continued during the first seven months of 1943. An index on the basis of 1935-39 averaged 82.5 during the first seven months against 63.2 in the same period of last year, a gain of no less than 30.5 p.c. A considerable part of the reaction in the second quarter of 1940 and subsequent months was counter-balanced by the steady advance between August last year and July. Activity on the stock exchanges followed a similar pattern to that of stock prices, recording a marked increase from August, 1942 to July of the present year.

Productive operations showed a continuance of the advance characteristic of the war period under prevailing conditions. The index of the physical volume of business rose to a new high position in history during the period under review. The index of mineral production showed an increase of 19.6 p.c. over the first seven months of 1942, the standing having been 271.6 against 227. Gold receipts at the Mint showed a recession of 20 p.c., while the output of coal was 6.8 p.c. lower.

The index of manufacturing production rose 24.5 p.c. to 288.2 in the period under review. Flour production in the first half year recorded an increase of 25 p.c. Butter production was 186.6 million pounds against 159.8 million, while a decline was shown in the output of factory cheese. The number of cigarettes and cigars made available recorded further increases, the gains having been 16.1 p.c. and 3.5 p.c., respectively. Declines were recorded in the consumption of raw cotton and newsprint production. The iron and steel industry was slightly less active in the period under review. Steel production was 1,749,661 tons, a decline of 3.8 p.c. The construction industry obtained less new business during the period. The utilization of firm power was 20.2 billion kilowatt hours against 18.5 billion, an increase of nearly 9 p.c.

The index for wholesale sales moved up about 10 points to 160.3, while the gain in retail sales was 4.5 p.c. The higher levels of the movement of railway traffic reached in the first period of 1942 were somewhat exceeded in the last seven months. Carloadings were practically maintained in comparison with the first seven months of last year. Increases were recorded in the gross revenue of both the C.N.R. and the C.P.R., amounting to 24.9 p.c. and 12.6 p.c., respectively.

The greater production of Canadian industry was paralleled by a further increase in employment. A general index of employment averaged for the first seven reporting dates was 181.4 against 168 in the same period last year, a gain of 8 p.c. Considerable gains were shown in manufacturing and building construction, with somewhat lower positions being recorded for logging, mining and trade.

The total revenue of the Dominion government rose 16.8 p.c. in the first four months of the present fiscal year over the same period of last year, the total was $867 million against $742 million. The ordinary expenditures were 9.3 p.c. greater, while the war expenditures showed a gain of 26.8 p.c. The outlay under the United Kingdom War Financing account was $472.5 million in the first four months of the last fiscal year, while the expenditures under the United Nations Mutual Aid account of the present year was $188 million.

The tentative computation of the National Income amounted to $5,101 million in the first seven months of the present year against $4,234 million in the same period of 1942, a gain of 20.5 p.c. The total in July was $749,860,000 against $658,257,000 in the same month last year. The standing in June this year was $752,684,000. The income of July was greater than in any other month except the preceding month. The index on the basis of 1929 was 171.8 in July compared with 172.5 in the preceding month, and 150.9 in the same month of 1942. The influences raising the National Income during the war period include expenditures on munitions and war supplies, an extraordinary rise in export trade and the expansion in the money supply.

Table 1. Statistics Illustrating the Economic Situation of Canada for the first Seven Months of 1943 compared with the Same Period of Last Year.

	Unit or Base Period	First Seven Months 1943	First Seven Months 1942	Per Cent Increase + Decrease -
General Economic Situation				
Index of Physical Volume of Business	1935-9=100	231.7	197.0	+ 17.6
Index of Industrial Production	1935-9=100	267.8	220.0	+ 21.7
Wholesale Prices	1926=100	98.7	95.1	+ 3.8
Cost of Living	1935-9=100	117.8	116.2	+ 1.4
Index of Common Stock Prices	1935-9=100	82.5	63.2	+ 30.5
Index of Bond Yields	1935-9=100	97.7	99.3	- 1.6
Bank debits	$000	29,873,333	25,295,840	+ 18.1
Production and General Business				
Mineral Production	1935-9=100	271.6	227.0	+ 19.6
Gold Receipts at Mint	Fine Ozs.	2,245,747	2,808,087	- 20.0
Coal Production	Tons	10,219,610	10,965,905	- 6.8
Manufacturing Production	1935-9=100	288.2	231.5	+ 24.5
Flour Production (6 months)	Bbls.	12,159,615	9,725,208	+ 25.0
Cattle Sla ughterings	No.	899,092	969,324	- 7.2
Hog Slaughterings	No.	3,758,418	3,584,673	+ 4.8
Creamery Butter Production	Lbs.	186,646,390	159,809,768	+ 16.8
Factory Cheese Production	Lbs.	79,591,990	115,257,170	- 30.9
Cigarettes released	No.	6,361,796,000	5,479,225,939	+ 16.1
Cigars released	No.	115,340,041	111,450,021	+ 3.5
Leather Boots and Shoes (6 months)	Pairs	14,797,323	14,421,067	+ 2.6
Raw cotton consumption	Lbs.	109,795,767	121,130,055	- 9.4
Paper and Lumber -				
Newsprint Production	Tons	1,705,993	1,899,352	- 10.2
Iron and Steel -				
Steel Ingot Production	Short Ton	1,749,661	1,818,301	- 3.8
Pig Iron Production	Short Ton	1,019,158	1,146,153	- 11.1
Coke Production	Short Ton	1,876,969	1,909,273	- 1.7
Construction -				
Contracts awarded	$	118,293,700	167,040,600	- 29.2
Building Permits (58 Municipalities)	$	34,004,365	44,021,745	- 22.8
Consumption of Firm Power	000 K.W.H.	20,210,095	18,472,095	+ 8.9
Internal Trade -				
Wholesale Sales (6 months)	1935-9=100	160.3	150.6	+ 6.4
Retail Sales (6 months)	1935-9=100	150.0	143.6	+ 4.5
External Trade -				
Exports	$000	1,594,628	1,306,999	+ 22.0
Imports	$000	990,567	982,054	+ 0.9
Active Balance of Trade	$000	+ 604,061	+ 324,945	+ 85.9
Railways - Tons carried 1 mile - (6 months) 2 Rlys.	000,000 tons	26,442	24,700	+ 7.1
Carloadings	No.	1,926,272	1,928,470	- 0.1
Gross Revenue C.N.R. (Canadian Lines) (6 months)	$	186,085,200	149,043,000	+ 24.9
Gross Revenue C.P.R. (6 months)	$	137,254,503	121,884,000	+ 12.6
Employment - Unadjusted (7 months' average)				
General Index	1926=100	181.4	168.0	+ 8.0
Manufacturing		223.3	198.7	+ 12.4
Logging		190.3	212.9	- 10.6
Mining		159.6	175.2	- 8.9
Construction		125.0	116.4	+ 7.4
Building		170.3	139.5	+ 22.1
Highway		112.5	126.6	- 11.1
Trade		152.7	156.3	- 2.3
Banking - (6 months' average)				
Deposits, Four Classes	$000	3,846,684	3,180,503	+ 20.9
Current Loans	$000	1,026,204	1,106,904	- 7.3
Circulating Media	$000,000	713.1	527.7	+ 35.1
Cash and Cheque Payments (7 months' Total)	$000,000	40,983	34,047	+ 20.4
Dominion Finance - April to July				
Total Revenues	$	867,157,606	742,131,644	+ 16.8
Ordinary Expenditures	$	195,074,644	178,429,754	+ 9.3
War Expenditures	$	939,014,199	740,764,743	+ 26.8
United Kingdom War Financing (1942) and United Nations Mutual Aid (1943)	$	188,000,000	472,500,000	-
National Income (Tentative Computation)	$000,000	5,101	4,234	+ 20.5

Eighteen items recorded declines, while thirty-four showed increases.

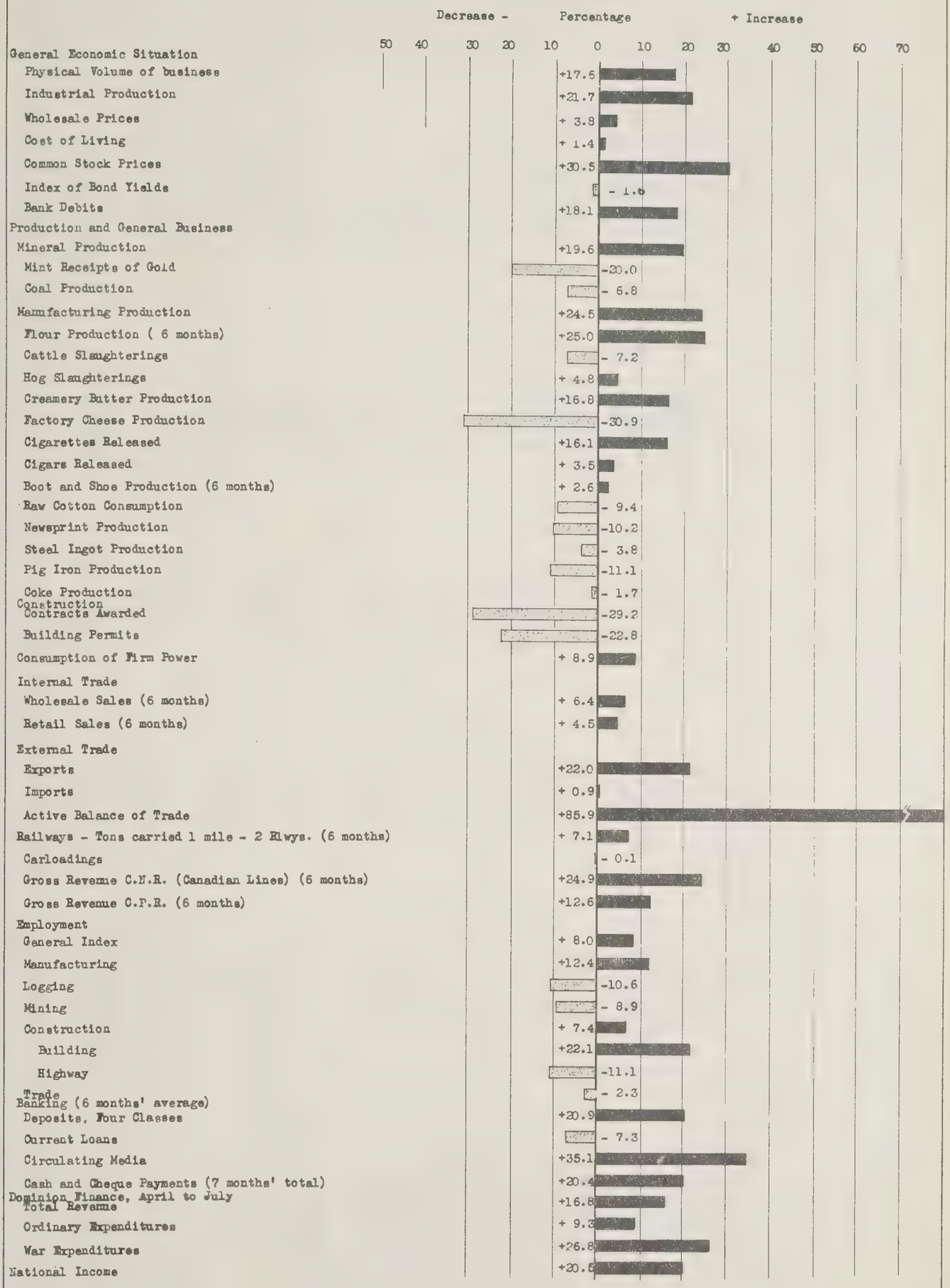
Published by Authority of the Hon. James A. MacKinnon, M.P.,

Minister of Trade and Commerce

THE ECONOMIC SITUATION IN CANADA

for the first seven months of 1943

as compared with the same period of last year



Dominion Bureau of Statistics

Eighteen items recorded declines, while thirty-four showed increases.

TABLE II. - OPERATING ACCOUNTS OF SECONDARY PRODUCTION; EXCLUDING PROCESSING INDUSTRIES

$ 000

Year	Income Originating (a)	Salaries and Wages (b)	With-drawals (c)	Net Dividends (d)	Net Interest (e)	Payments to Individuals (f)	Positive or Negative Savings (g)
1919	902,697	616,079	96,010	50,059	3,674	765,822	+ 136,875
1920	1,053,594	747,482	137,824	56,864	3,462	945,632	+ 107,962
1921	725,877	542,337	115,671	64,413	3,640	726,061	- 184
1922	727,223	542,570	118,200	59,404	4,036	724,210	+ 3,013
1923	776,977	587,008	112,759	60,781	4,461	765,009	+ 11,968
1924	729,422	565,083	105,971	53,087	4,478	728,619	+ 803
1925	771,327	591,170	103,249	51,779	4,662	750,860	+ 20,467
1926	870,802	664,827	109,020	67,549	4,901	846,297	+ 24,505
1927	968,562	710,826	112,890	75,937	5,228	904,881	+ 63,681
1928	1,081,550	776,438	115,835	102,650	6,516	1,001,439	+ 80,111
1929	1,192,546	835,308	117,776	119,344	6,950	1,079,378	+ 113,168
1930	1,063,398	753,127	107,499	145,145	6,444	1,012,215	+ 51,183
1931	835,542	647,601	95,189	135,009	7,112	884,911	- 49,369
1932	584,136	502,280	80,324	108,703	7,106	698,413	- 114,277
1933	532,440	450,813	69,509	72,995	6,014	599,331	- 66,891
1934	601,769	496,654	67,808	51,227	6,086	621,775	- 20,006
1935	682,767	560,457	74,124	65,179	5,940	705,700	- 22,933
1936	777,365	617,611	80,414	73,733	8,036	779,794	- 2,429
1937	931,127	735,878	93,777	80,954	6,891	917,500	+ 13,627
1938	922,636	729,259	96,594	90,561	6,493	922,907	- 271
1939	983,331	757,884	96,641	94,806	5,958	955,289	+ 28,042
1940	1,181,067	942,428	109,199	98,307	5,279	1,155,213	+ 25,854

Operating Accounts of Secondary Production less Processing 1919 - 1940.

Notes on Table II.

Secondary production embraces construction, manufacturing n.e.s. and custom and repair. Construction covers operations of general contractors and sub-contractos as reported in recent years by the Bureau. The statistics of contracts awarded were useful in estimating the gross revenues in the period from 1919 to 1933. The work performed directly by Dominion, Provincial and Municipal authorities was excluded, thus avoiding duplication with the totals shown elsewhere for the government group.

Manufacturing production n.e.s. is exclusive of processing activities closely connected with several primary industries. Saw-milling, and pulp and paper operations are included with forestry, fish canning and curing is a part of the fisheries industry, while smelting, cement, clay products, lime and salt are treated along with mining. The eight industries, for the purpose of avoiding duplication, are excluded from manufactures n.e.s.

Custom and repair includes thirteen industries of which dyeing, cleaning and laundry, and automobile garages are the most important. The industrial section of the decennial census furnishes periodical information in regard to the personnel in these industries. The census of merchandising and service for 1930 and 1941 was useful in estimating the operating accounts.

(a) Owing to the deduction of the processing industries from manufacturing and the elimination of governmental activities from the accounts of the construction industry, a statement of the relative size of the income originating in the three groups, loses some of its significance. With these reservations in mind, it may be stated that about 77 p.c. of the income originating in secondary production during the period from 1919 to 1940 had its source in manufacturing n.e.s. The construction activities contributed 16 p.c., while custom and repair was responsible for the remaining 7 p.c. The major group of secondary production, in turn, was the source of about 20 p.c. of the national income originating in all groups. This proportion would be considerably increased if the processing activities and government construction were included in the calculations.

Despite the serious depression from 1930 to 1936 income originating in manufactures n.e.s. showed a rising trend during the period under observation. Construction, subject to much greater fluctuation in response to economic conditions, showed a declining trend of marked proportions.

The income originating in manufactures n.e.s. is obtained by deducting cost of materials, fuel and electricity; overhead, and depreciation charges from the gross revenue as reported annually by the Census of Industry. The same result is obtained by the summation of income payments and positive or negative savings. The overhead expenditures are estimated on the basis of census returns from 1919 to 1921 and of a special enquiry for representative years in the later part of the period. The depreciation was computed as 6.6 p.c. of the fixed capital including land, buildings, machinery and other equipment.

The computation of income originating in construction was also computed by making appropriate deductions from the gross operating revenues of the industry. The period from 1922 to 1933, inclusive, was interpolated according to an unofficial series of contracts awarded.

A body of information was assembled regarding the operations of thirteen custom and repair industries. Statistics of a number of the activities were collected as a section of the annual census of industries in 1919 to 1921. The census of trading establishments conducted in 1930 and 1941 was the most fruitful source of information.

(b) Salaries and Wages:- The remuneration of employees was the main type of payment originating in secondary production. It accounted for 85.2 p.c. of occupational income and 77.7 p.c. of the total income payments during the first eleven years of the period. The percentage to the occupational income rose slightly to 88.1 p.c. in the last eleven years while the proportion to income payments remained unchanged at 77.7 p.c.

The trend of salaries and wages in the 22-year period is shown in Chart 1 while the numbers of employees on a full-time basis are depicted in Chart 3.

Salaries and wages averaged about $653,000,000 in the 22 years, compared with total occupational income of $754,000,000 and income payments of $840,000,000.

Statistics of salaries and wages in manufactures n.e.s. were obtained directly from annual census reports, payments by the eight duplicated industries being deducted. Remuneration of employees in the construction industry were obtained as the product of the numbers, by rates, computed for the purpose. The decennial census presented data

for 1930-31 and results for 1920 were estimated from available information. Interpolation of numbers was effected by means of indexes of employment and of the volume of construction, and of rates by the index for the building trades as published in the Labour Gazette.

Salaries and wages for the custom and repair group were determined for 1930 from information given by the decennial census. The data collected in connection with the annual census from 1919 to 1921 was also of interest in establishing relationships between different accounts and supplying links which would otherwise have been missing.

(c) Withdrawals of Working Proprietors.- Withdrawals, signifying the remuneration of employers, independent operators and own accounts, for management and work performed, were relatively more steady in the secondary production group than salaries and wages. An upward trend was shown in withdrawals for manufactures n.e.s. during the period from 1919 to 1941, while the trend for construction was adverse. The estimated number of working proprietors engaged in the major group averaged 84,058 in the first half of the period and 76,585 in the last half.

The number of working proprietors in manufactures n.e.s. was taken directly from the decennial census of 1921 and 1931. The margin of the withdrawal rate over the salary-wage rate was determined through the use of census data and American experience. A smoothed version of wage rates was used to interpolate the remuneration rate for working proprietors in intercensal years. The numbers were interpolated according to the number of establishments and the withdrawals of working proprietors engaged in construction for the period from 1919 to 1933 were the products of computed numbers and rates. Numbers for 1921 and 1931 were reported by the decennial census and interpolation was affected by means of an average of the indexes of volume and employment. The annual rates were placed at $1,835 in 1920 and $994 in 1930 and the intervening years were estimated according to the index of the Department of Labour.

(d) and (e) Net dividends and interest paid to individuals and external holders of securities were computed by an examination of a sample of the annual income statements of the large concerns engaged in the group. The receipts of corporations in the form of dividends and bond interest were deducted. The dividend payments were considerably increased for the purpose of covering the private interest companies for which no statistics were available.

(f) and (g) The addition of occupational and investment income gives the total income payments to individuals originating in the major group. Deducting these totals from the income originating, the positive or negative savings were obtained. The results were verified in trend by the examination of company accounts.

CHART 1.

INCOME PAYMENTS TO INDIVIDUALS
SECONDARY PRODUCTION MINUS PROCESSING
BEFORE DEDUCTION OF INTERNATIONAL BALANCE ON DIVIDENDS AND INTEREST

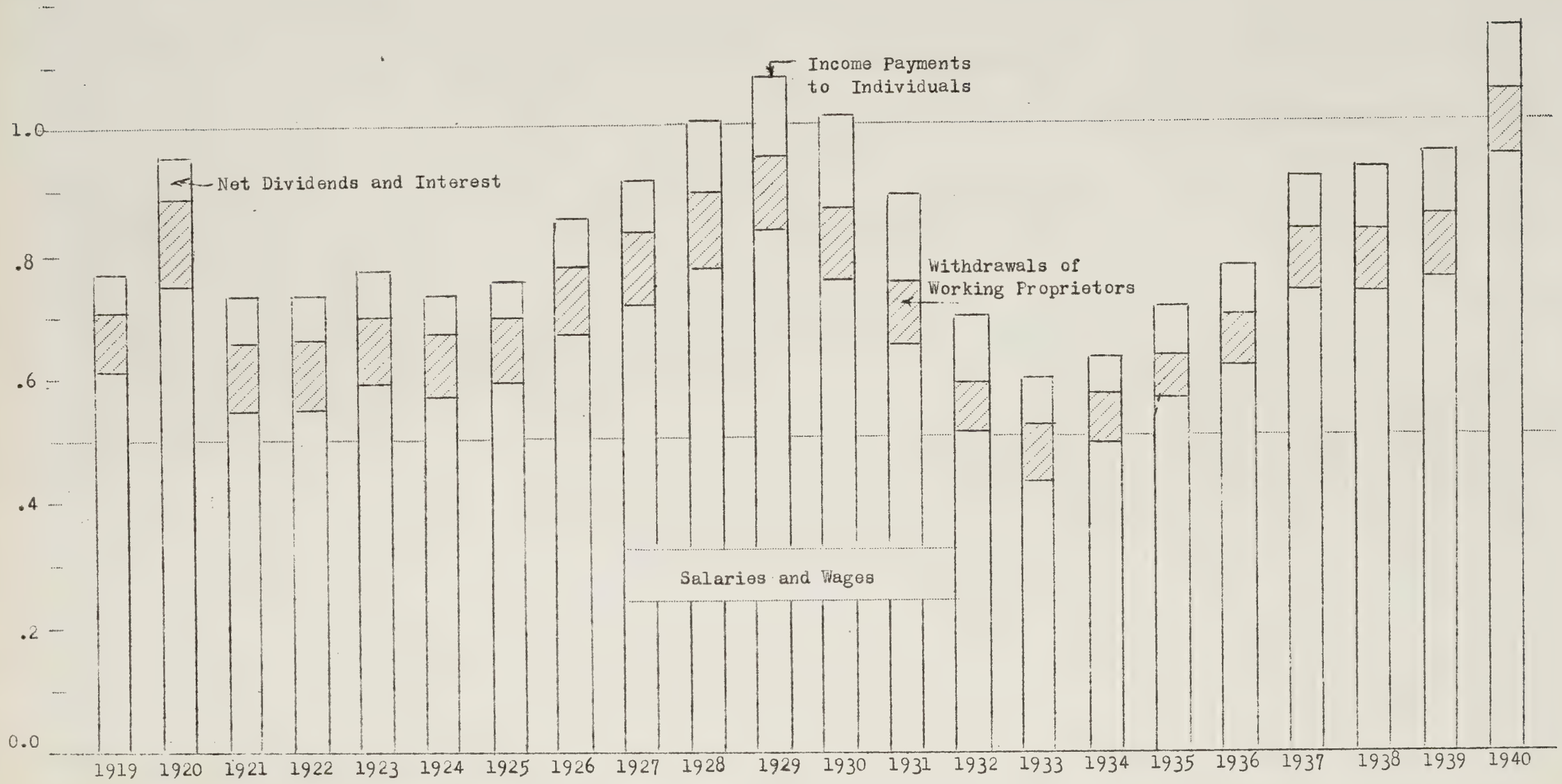


CHART 2.

INCOME ORIGINATING AND PAYMENTS TO INDIVIDUALS

SECONDARY PRODUCTION MINUS PROCESSING, BEFORE DEDUCTION OF INTERNATIONAL BALANCE ON DIVIDENDS AND INTEREST

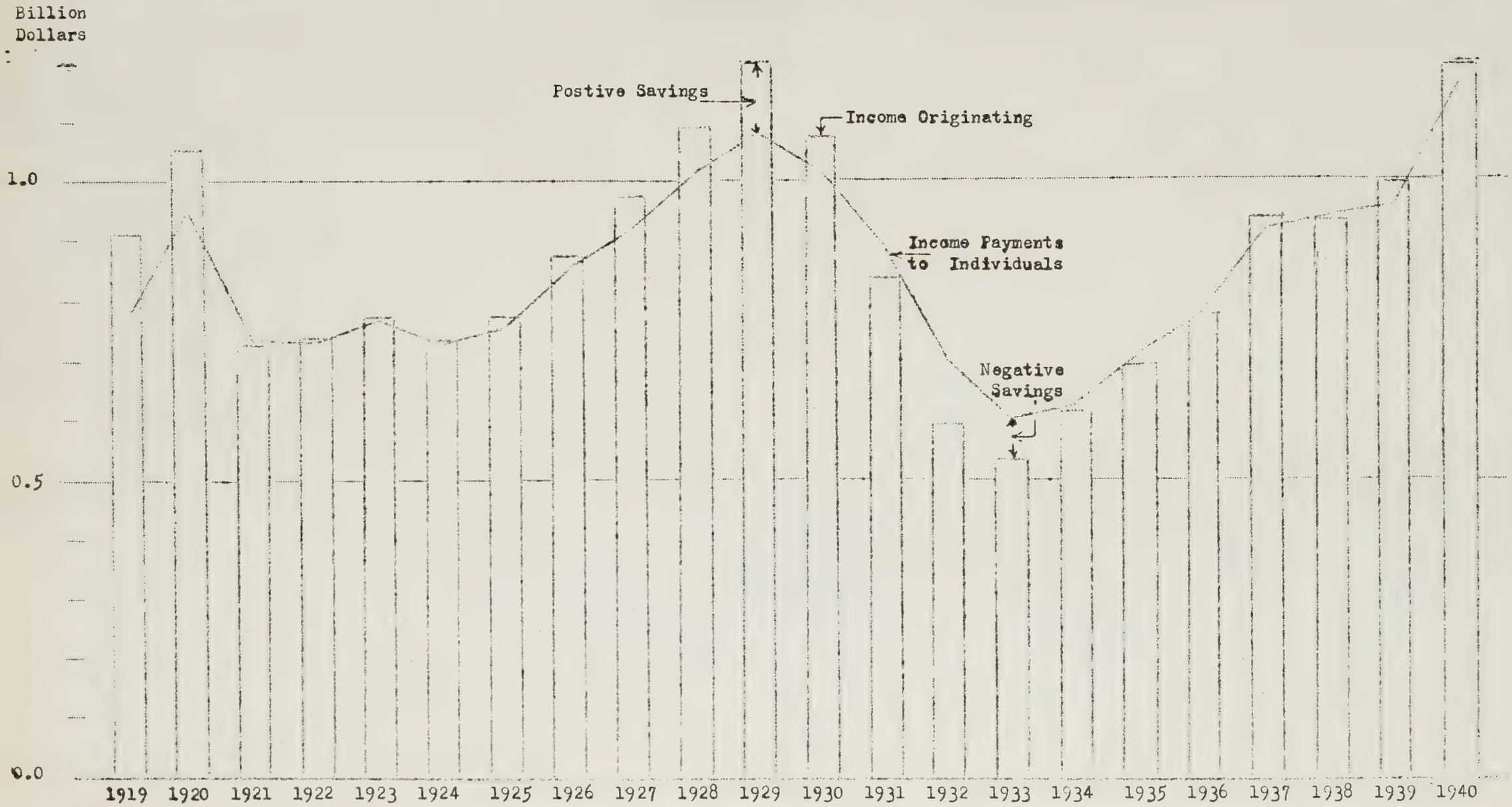
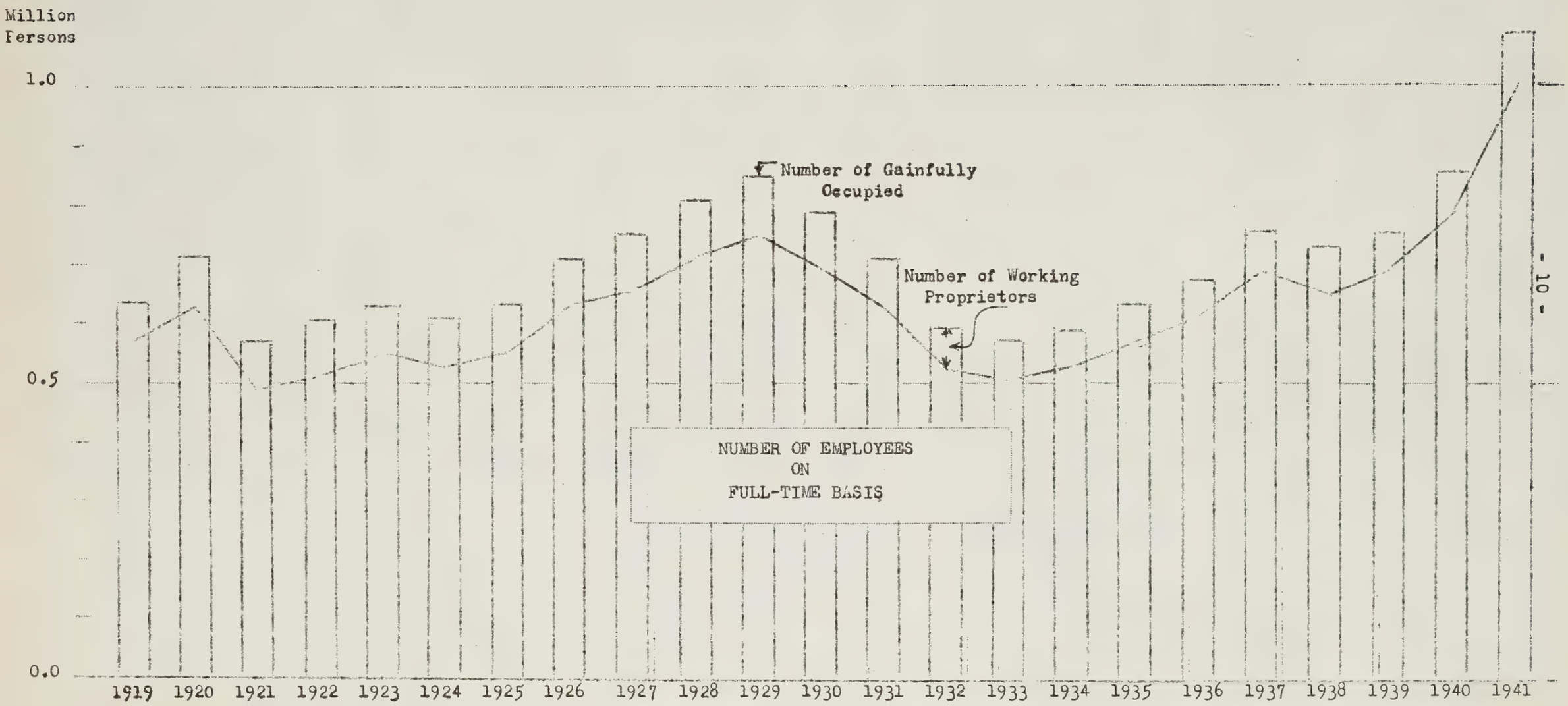


CHART 3.

NUMBER OF PERSONS OCCUPIED
IN
SECONDARY PRODUCTION MINUS PROCESSING
FULL-TIME BASIS



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DEPT. OF POLITICAL SCIENCE
UNIVERSITY OF TORONTO

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Minister of Trade and Commerce

DOMINION BUREAU OF STATISTICS - OTTAWA
BUSINESS STATISTICS BRANCH

Dominion Statistician: S. A. Cudmore, M.A. (Oxon.), F.S.S., F.R.S.C.
Chief, Business Statistics Branch: Sydney B. Smith, M.A.

ECONOMIC CONDITIONS IN CANADA DURING THE FIRST EIGHT MONTHS OF 1943 COMPARED WITH THE SAME PERIOD OF 1942

Fundamental factors indicating the trend of economic conditions averaged higher in the first eight months of 1943 than in the same period of the preceding year. Productive operations recorded an extension of the advance in evidence since the outbreak of hostilities while some evidence of tapering off was disclosed in recent months. New high levels in Canada's industrial history were recorded during the elapsed portion of the presenttyear.

The index of the physical volume of business based on 5 main components indicating the movement of production and distribution of commodities averaged 233 in the months under review as compared with 198 in the same period of last year, a gain of 17.6 p.c. The advance in the index of manufacturing production was of even greater dimensions. The standing in the first eight months of the present year was 288.5 against 233.6, a gain of 23.5 p.c. having been indicated. Flour production recorded a gain of 24.7 p.c. while the output of creamery butter was 15 p.c. greater. The meat packing industry recorded activity at much the same level as in the first eight months of 1942. Hog slaughterings rose 6.5 p.c., while cattle declined 4.6 p.c. An increase was shown in the output of creamery butter, while factory cheese recorded considerable reduction. The tobacco industry was more active, the release of cigarettes from bond amounted to 7,551 million against 6,332 million, a gain of more than 19 p.c.

The advance in mineral production was about 24 p.c. The index during the first eight months of the present year averaged nearly 280 against 225.7 in the same period last year. Gold receipts at the Mint and coal production showed declines. The output of coal was 11.6 million tons against 12.4 million in the same period last year.

The construction industry was less successful in obtaining new business during the elapsed months of the present year. The total of contracts awarded in the first eight months was $142 million against nearly $199 million in the same period of last year. Building permits also showed a marked decline. Contracts awarded during the month of September totalled $18.6 million, a reduction of $11 million or 37.5 p.c. from $29.7 million reported for September of last year. For the 9-month period contracts awarded were $160.7 million, a decline of 29.7 p.c. from the $228.5 million reported for the same period of last year. The net effect of having all but absolutely essential construction projects postponed for the duration of the war should be to build up a post-war situation that will assist in absorbing man-power that will result from suspension of the manufacturing of munitions and other war supplies.

Railway traffic was in somewhat greater volume in the first 7 months of the present year than in the same period of 1942. The tons of railway freight carried one mile by the two railways amounted to 31 billion tons against 28.9 billion, a gain of 8.6 p.c. A slight gain was shown in the number of cars loaded in the first eight months. The gross earnings of the Canadian Pacific Railways during the first eight months were $189.7 million, an increase of $24.7 million over the same period of 1942. Net earnings after the deduction of expenses were nearly $29 million compared with $28.4 million in the same period last year. The gross revenues of the Canadian National Railways in the first seven months of the year were $221.6 million against $178.3 million, a gain of no less than 24.3 p.c. The consumption of primary electric power was 23.2 billion kilowatt hours against 21.2 billion in the same months of 1942, a gain of 9.7 p.c.

Internal trade showed further advance in the present year over the high levels of 1942. The index of wholesale and retail sales recorded gains of 7.3 p.c. and 5 p.c. respectively. The average of the wholesale index was 162.3 in the present year, while retail sales on the same 5-year base averaged 149.8.

External trade reflected the heavy production and flow of munitions and war supplies to the widespread battlefields. The export trade rose from $1,485 million to $1,890 million, a gain of more than 27 p.c. As imports showed only a moderate increase, the active balance of trade rose sharply from $371 million to $750 million.

Due to the scarcity of additional man-power the number of persons employed in productive enterprise showed a relatively moderate gain in the first eight months of the present year over the same period of 1942. The general index of employment rose from 169 to 182 a gain of 7.5 p. c. The gain in manufacturing plants was of greater proportions, the index rising from 200 to 223.8.A gain was shown in the working forces employed in construction while logging, mining and trade were at a lower level.

Wholesale prices have shown an upward climb since the outbreak of hostilities in September 1939. A marked advance was shown until November, 1941 and the increases in subsequent months have been of a more moderate character. The index of wholesale prices on the base of 1926 averaged 98.9 in the first eight months of the present year against 95.2 in 1942, a gain of 3.9 p.c. The index in August last was 100.4 against 95.5 in the same month of last year. The index crossed the par of the base period during July and made a further minor advance in August. The index of the cost of living on the 5-year base averaged 117.9 against 116.4, a gain of 1.3 p.c.

Speculative factors including common stock prices and the number of shares traded on the stock exchanges recorded an advance from August, 1942 to August of the present year without important interruptions. The net result was that the index of common stocks averaged 83.3, more than 20 points higher than in the same period of 1942 a gain of 32.2 p.c. Dominion bond prices were relatively steady in the first eight months of the present year, averaging slightly above the standing for the same period of 1942. The index of bond yields receded from 99.2 to 97.7, a decline of 1.5 p.c. Dominion bonds have shown a relatively steady performance since mid-year 1940 following considerable recovery after the first month of hostilities.

A marked advance was recorded in the deposit liabilities of the chartered banks subsequent to the outbreak of hostilities in September, 1939. The increase has been accentuated during the last two years. The sum of the four accounts was $3,863 million in the first seven months of the present year against $3,180 million, a gain of 21.5 p.c. Circulating media in the hands of the public consisting of bank notes and subsidiary coin showed an advance of 34.8 p.c. in the same comparison. Cash and cheque payments were estimated at $46.5 billion against $38.8 billion in the early months in 1942, a gain of nearly 20 p.c.

War expenditures recorded a marked increase in the first five months of the present fiscal year, the total was $1,375 million against $913 million, a gain of 50.7 p.c. The revenues of the Dominion Government rose 18.8 p.c. to $1,076 million.

The national income, on a tentative basis, was $5,845 million during the first eight months of the present year. The amount shows a gain of 20 p.c. over the $4,869 million recorded for the same period of last year. The total for August was $744,103,000 against $749,969,000 in the preceding month. In August, 1942 the standing was $634,164,000. The index on the base of 1935-39 rose from 186.5 in August last year to 218.9 in the same month of 1943. The expanding demand for war supplies is the main influence in the rise of the national income over the early period of 1942. The advance in the production of munitions, the heavy export trade and the deficit financing of the Dominion Government are regarded as having an accelerating influence.

Table 1. Statistics Illustrating the Economic Situation of Canada for the first Eight Months of 1943 compared with the Same Period of Last Year.

	Unit or Base Period	First Eight Months 1943	First Eight Months 1942	Per Cent Increase + Decrease -
General Economic Situation				
Index of Physical Volume of Business	1935-9=100	232.9	198.1	+ 17.6
Index of Industrial Production	1935-9=100	268.5	221.6	+ 21.2
Wholesale Prices	1926=100	98.9	95.2	+ 3.9
Cost of Living	1935-9=100	117.9	116.4	+ 1.3
Index of Common Stock Prices	1935-9=100	83.3	63.0	+ 32.2
Index of Bond Yields	1935-9=100	97.7	99.2	- 1.5
Bank debits	$000	33,893,600	28,775,585	+ 17.8
Production and General Business				
Mineral Production	1935-9=100	279.9	225.7	+ 24.0
Gold Receipts at Mint	Fine Ozs.	2,501,625	3,171,455	- 21.1
Coal Production	Tons	11,645,642	12,423,617	- 6.3
Manufacturing Production	1935-9=100	288.5	233.6	+ 23.5
Flour Production (7 months)	Bbls.	14,104,738	11,315,427	+ 24.7
Cattle Slaughterings	No.	1,040,774	1,091,151	- 4.6
Hog Slaughterings	No.	4,194,768	3,936,959	+ 6.5
Creamery Butter Production	Lbs.	225,616,164	196,042,963	+ 15.1
Factory Cheese Production	Lbs.	105,133,475	143,589,949	- 26.8
Cigarettes released	No.	7,551,162,547	6,331,718,869	+ 19.3
Cigars released	No.	129,582,022	127,429,948	+ 1.7
Leather Boots and Shoes (7 months)	Pairs	17,175,015	16,558,061	+ 3.7
Raw cotton consumption	Lbs.	123,755,507	137,036,649	- 9.7
Paper and Lumber -				
Newsprint Production	Tons	1,965,605	2,152,591	- 8.7
Iron and Steel -				
Steel Ingot Production	Short Ton	1,998,529	2,067,169	- 3.3
Pig Iron Production	Short Ton	1,184,064	1,308,731	- 9.5
Coke Production	Short Ton	2,190,664	2,183,008	+ 0.4
Construction -				
Contracts awarded	$	142,159,000	198,811,800	- 28.5
Building Permits (58 Municipalities)	$	39,595,719	50,963,693	- 22.3
Consumption of Firm Power	000 K.W.H.	23,225,018	21,165,083	+ 9.7
Internal Trade -				
Wholesale Sales (7 months)	1935-9=100	162.3	151.2	+ 7.3
Retail Sales (7 months)	1935-9=100	149.8	142.7	+ 5.0
External Trade -				
Exports	$000	1,889,733	1,484,782	+ 27.3
Imports	$000	1,139,703	1,113,933	+ 2.3
Active Balance of Trade	$000	+ 750,030	+ 370,849	+102.3
Railways - Tons carried 1 mile - (7 months) 2 Rlys.	000,000 tons	31,332	28,860	+ 8.6
Carloadings	No.	2,228,320	2,210,686	+ 0.8
Gross Revenue C.N.R. (Canadian Lines) (7 months)	$	221,620,100	178,331,000	+ 24.3
Gross Revenue C.P.R. (7 months)	$	164,096,472	144,013,000	+ 13.9
Employment - Unadjusted (8 months' average)				
General Index	1926=100	182.0	169.3	+ 7.5
Manufacturing		223.8	200.4	+ 11.7
Logging		183.5	204.0	- 10.0
Mining		159.5	174.9	- 8.8
Construction		127.4	120.2	+ 6.0
Building		169.0	142.6	+ 18.5
Highway		120.9	132.3	- 8.6
Trade		152.6	155.8	- 2.1
Banking - (7 months' average)				
Deposits, Four Classes	$000	3,862,743	3,179,600	+ 21.5
Current Loans	$000	1,041,483	1,094,011	- 4.8
Circulating Media	$000,000	718.4	533.0	+ 34.8
Cash and Cheque Payments (8 months' Total)	$000,000	46,536	38,818	+ 19.9
Dominion Finance - April to August				
Total Revenues	$	1,076,378,053	906,422,900	+ 18.8
Ordinary Expenditures	$	221,987,692	204,696,873	+ 8.4
War Expenditures	$	1,375,195,503	912,643,977	+ 50.7
United Kingdom War Financing (1942) and United Nations Mutual Aid (1943)	$	192,300,000	572,500,000	-
National Income (Tentative Computation)	$000,000	5,845	4,869	+ 20.0

Sixteen items recorded declines, while thirty-six showed increases.

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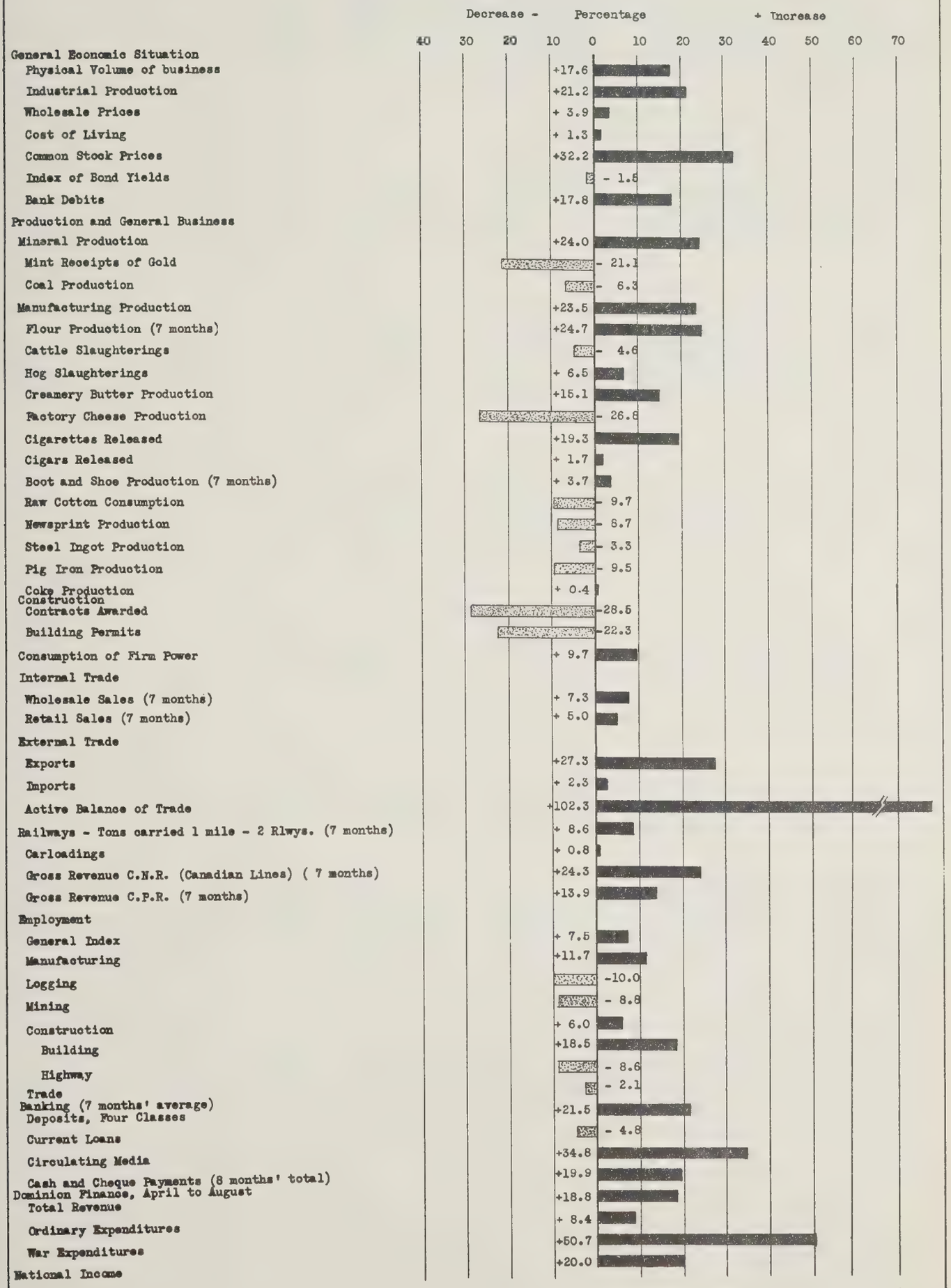
Minister of Trade and Commerce

THE ECONOMIC SITUATION IN CANADA

for the first eight months of 1943

as compared with the same period of last year



Dominion Bureau of Statistics

Sixteen items recorded declines, while thirty-six showed increases.

TABLE II. - OPERATING ACCOUNTS OF TRANSPORTATION AND COMMUNICATION

$000

Year	Income Originating	Salaries and Wages	Other Labour Income	Pensions	Withdrawals	Net Dividends	Net Interest	Payments to Individuals	Positive or Negative Savings
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)
1919	391,423	328,302	2,583	743	18,219	35,914	49,967	435,728	- 44,305
1920	443,868	405,950	2,748	787	18,225	36,664	50,733	515,107	- 71,239
1921	407,800	353,097	2,823	870	18,208	35,336	59,865	470,199	- 62,399
1922	421,799	340,007	2,486	1,007	18,516	34,839	61,871	458,726	- 36,927
1923	450,764	354,212	3,068	1,217	18,328	35,564	63,612	476,001	- 25,237
1924	433,994	340,618	3,132	1,308	18,371	36,649	68,471	468,549	- 34,555
1925	458,106	339,796	2,597	1,647	18,603	36,041	70,730	469,414	- 11,308
1926	504,683	365,349	2,582	2,205	18,895	35,319	70,260	494,610	+ 10,073
1927	515,752	382,891	2,824	2,385	19,202	35,937	73,365	516,604	- 852
1928	567,026	405,956	3,300	2,381	19,547	39,668	74,760	545,612	+ 21,414
1929	562,930	418,931	3,575	2,585	19,633	41,980	78,741	565,445	- 2,515
1930	499,934	393,839	3,253	3,275	19,384	45,638	85,883	551,272	- 51,338
1931	392,544	340,269	2,568	3,782	19,[illegible]	33,447	91,725	490,688	- 98,144
1932	317,900	276,386	2,343	4,377	17,788	11,992	93,003	405,889	- 87,989
1933	284,756	244,301	2,010	4,675	16,843	6,889	91,903	366,621	- 81,865
1934	313,248	251,561	2,033	5,250	16,149	6,809	92,492	374,294	- 61,046
1935	324,948	265,553	2,204	5,673	15,986	5,806	90,101	385,323	- 60,375
1936	351,954	282,841	2,311	6,348	16,057	4,685	84,475	396,717	- 44,763
1937	382,492	303,457	2,528	6,610	16,076	6,397	85,566	420,634	- 38,142
1938	368,247	313,778	2,436	7,087	16,102	8,693	87,251	435,347	- 67,100
1939	405,681	317,821	2,138	7,645	16,271	7,112	86,007	436,994	- 31,313
1940	466,374	339,494	2,532	8,714	15,975	13,078	85,743	465,536	+ 838

OPERATING ACCOUNTS OF THE TRANSPORTATION-COMMUNICATION GROUP

Notes to Table II.

The group embraces activities connected with the movement of goods and passengers and with communication by wire and radio. The electric light and power industry, also regarded as a public utility, is here treated as a component of the primary production group.

Annual reports of the Bureau supply considerable information regarding the following industries in the transportation-communication group: Steam and electric railways, civil aviation, express, telegraphs, and telephones. As the railway companies also operate hotels, express and telegraph services, it is necessary to separate the records of these subsidiary activities, avoiding duplication with other groups. Water and road transport, warehousing and storage are also regarded as industries in the main group, the operating accounts being estimated on the basis of occupational data, furnished by the decennial census and other relevant information.

The income originating in the group averaged $421 million per year during the period from 1919 to 1940, constituting less than 10 p.c. of the grand total for the seven groups in the national economy.

Notwithstanding the marked reaction in the 'thirties, steam railways contributed more than 61 p.c. of the income originating in the main group under review. Telephones, electric railways, water transport and road transport were roughly of equal importance as originators of income, the contribution of each having been between eight and nine per cent.

The trend of income originating was downward during the period from 1919 to 1940, mainly due to the marked reduction in the movement of freight and passengers by common carriers during the last half of the period. Income originating reached a peak in 1928 and then receded to a low point in 1933. The subsequent recovery has been practically continuous from year to year. The amplitude of the fluctuation in the income originating during the 22-year period was somewhat greater than that of the National Income as a whole.

(a) The income originating was obtained by adding the payments to individuals and the positive or negative savings.

(b) Salaries and Wages: The remuneration of employees was computed for each of the nine industries. The total for steam railways was compiled from the annual reports of the Bureau deducting payments of the express, telegraph and hotel departments. Contributions to pension funds in recent years were also deducted. The salaries and wages as reported in Bureau annual reports on electric railways were taken directly. The totals for water and road transport and storage were computed by the use of decennial census statistics. Number and rates for water transport were established for 1921 and 1931 and interpolation effected by means of index numbers of employment in "shipping and stevedoring" and rates of wages paid in the "steamships" group as reported by the Department of Labour. Subsistence allowances are included with the salaries and wages paid by the industry. The numbers and rates for the road transport group were established for 1931 from census reports. Extrapolation was made by a special index of the numbers employed by 50 companies operating trucks and taxis, and an index of rates based on data published by the Labour department. Salaries and wages paid by civil aviation and storage were computed by means of decennial census data and interpolation. Express, telegraph and telephone salary-wage statistics are available through the annual census of the Bureau.

(c) Other Labour Income: Compensation for injuries was compiled in connection with the steam and electric railways and telephones. The three industries are excluded from the operations of the Workmen's Compensation Boards.

(d) Withdrawals of Working Proprietors. The rate of withdrawals by working proprietors was estimated for the road transport industry in 1931 by taking an average of the results obtained by the median age, conventional and managers' remuneration methods. The age of working proprietors averages somewhat greater than that of employees in the same industry, and the employee rate is in most circumstances greater in the higher age brackets. The conventional method consists in placing the remuneration rate of "own accounts" at the same as the average wage rate and that of employers at 50 per cent more. Four methods were used in establishing the rate of 1931 for working proprietors of the road transport industry. American experience was used as an additional factor. Having estimated the withdrawal rate for 1931, the other years were

obtained by extrapolation. The numbers were taken from the industrial section of the decennial census for 1921 and 1931, and extended by means of index numbers. Withdrawals were also computed in a similar manner for civil aviation and storage.

(d, f, g) Investment Income: Pensions, net dividends and interest constitute the investment income of the group. The three classes of investment return were computed for telephones, steam and electric railways, while net dividends and interest were shown for water transport and storage. Pensions are reported in annual census bulletins on railways, while the payments of principal companies and the systems of provincial governments of the Prairie Provinces were added in connection with the operating accounts of the telephone industry.

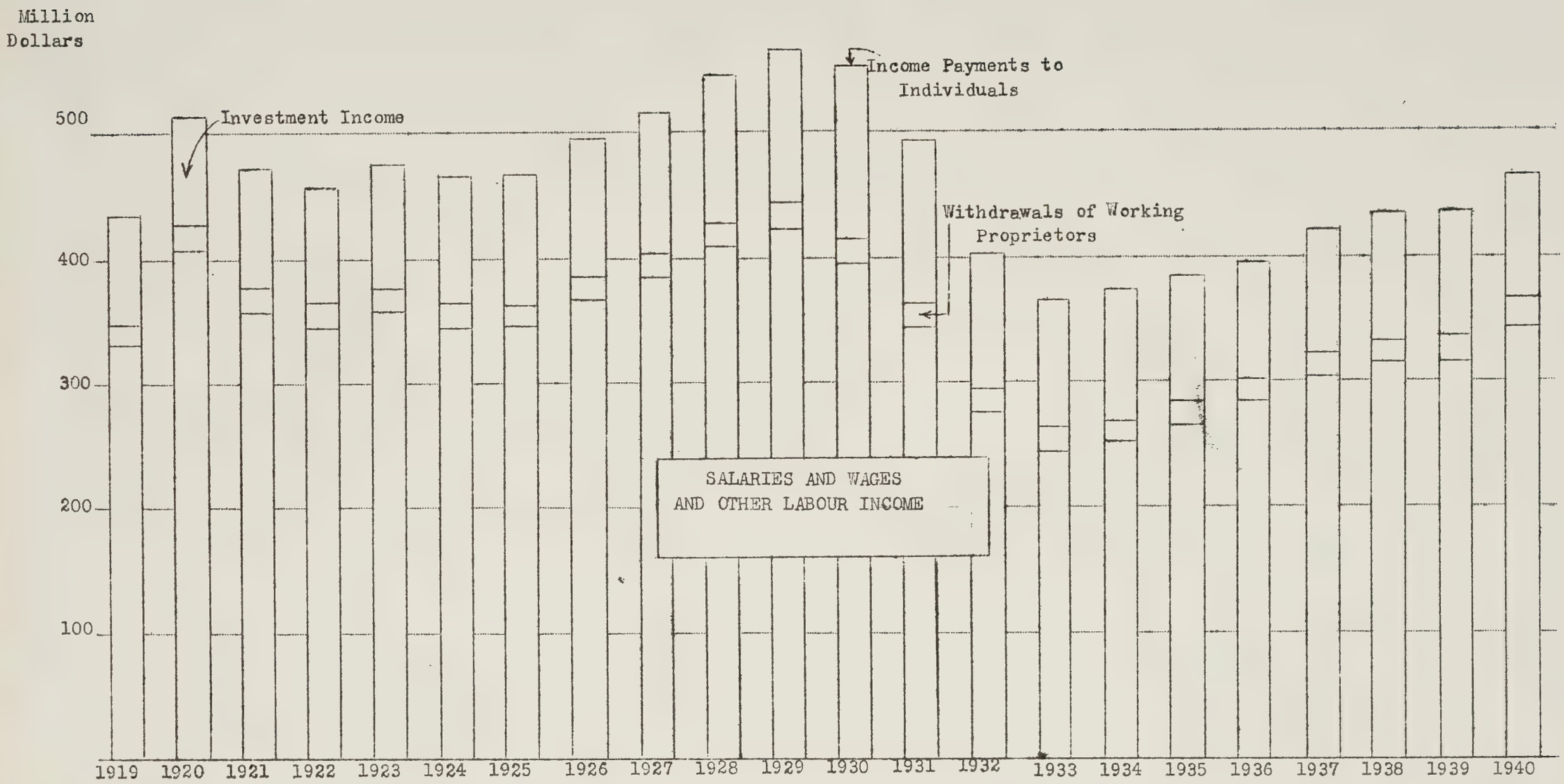
Dividends and interest are shown in net form, that is, after the deduction of the receipts of companies in the group due to the holdings of stocks, bonds and debentures. Statistics were obtained from annual returns to the Bureau and from the examination of the periodical reports of the principal companies. In compiling the interest payments of the steam railways there was deducted the interest accruing on loans and advances of the Dominion government included in the interest on the funded debt of the Canadian National Railways from 1919 to 1936.

(h) Payments to Individuals are obtained by the summation of Columns (b) to (g).

(i) The positive or negative savings are compiled from an examination of company accounts and the annual reports of the Bureau. Extensive adjustments were made in computing the undistributed profits of the steam railways, the method adopted in estimating the depreciation which should have been allowed by the two major railway systems having been to apply a straight-line depreciation of 3 p.c. (with 10 p.c. allowance for salvage value) to the investment value of equipment from 1919 to 1939 inclusive.

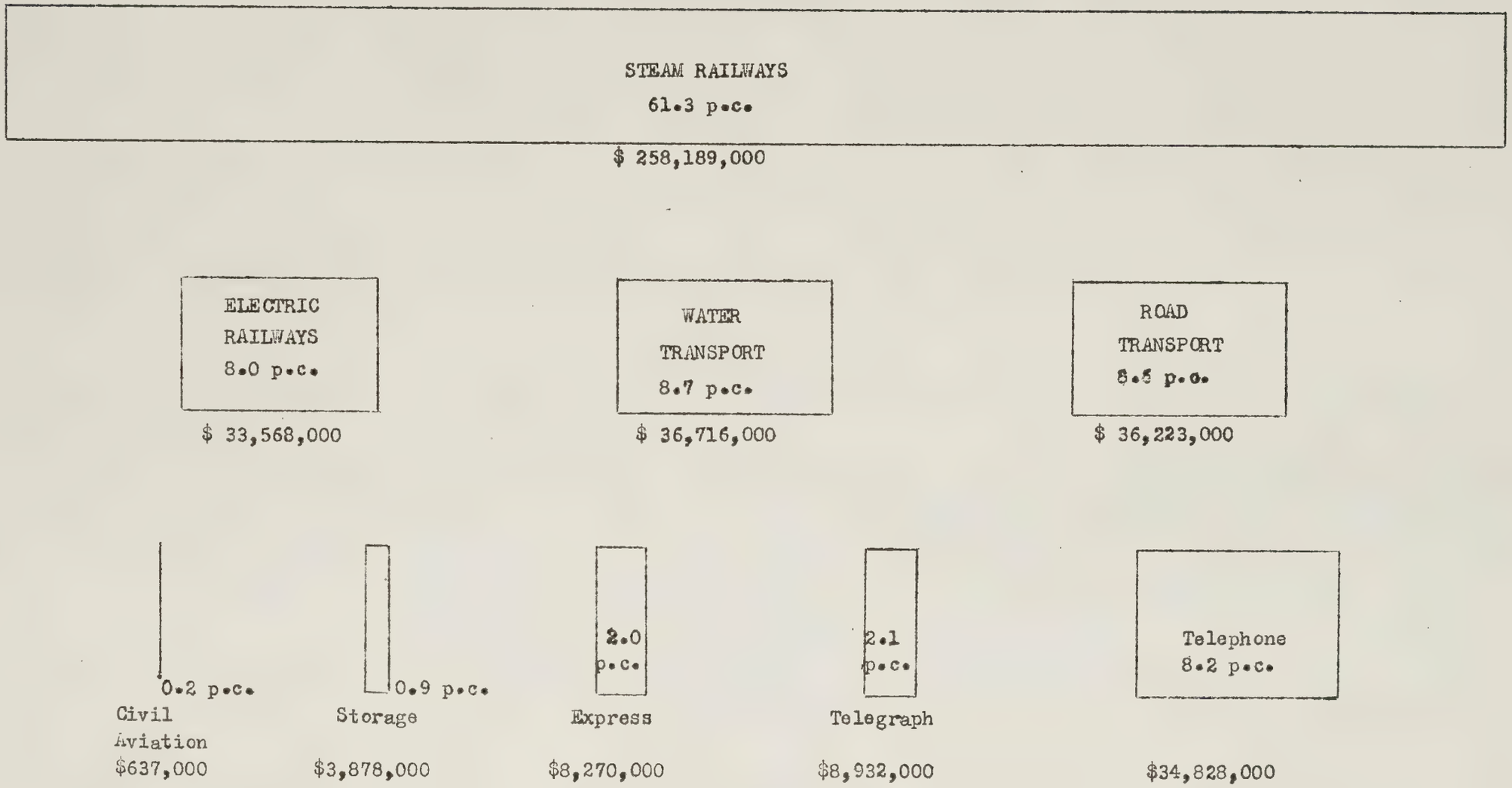
Undistributed profits of electric railways were obtained by deducting dividends paid and depreciation based on a straight line formula of 2 per cent on the value of road and equipment, from the net income as given in the Bureau report on electric railways. Savings were also computed for the civil aviation, storage, express, telegraph and telephone companies.

1. INCOME PAYMENTS TO INDIVIDUALS
TRANSPORTATION AND COMMUNICATION
BEFORE DEDUCTION OF INTERNATIONAL BALANCE ON DIVIDENDS AND INTEREST

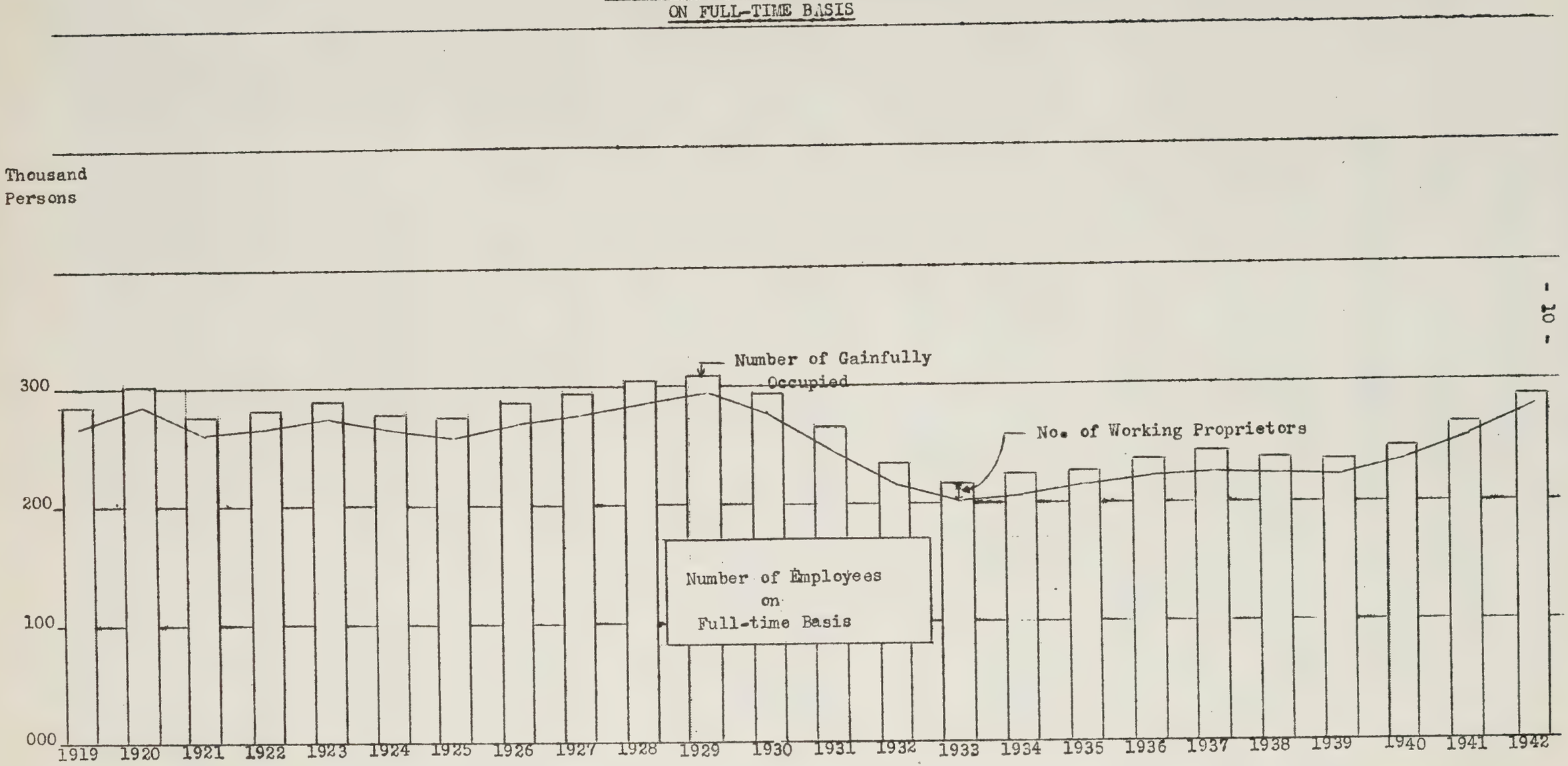


2. RELATIVE IMPORTANCE OF NINE INDUSTRIES OF THE TRANSPORTATION AND COMMUNICATION GROUP

ANNUAL AVERAGE INCOME ORIGINATING, 1919-1940.



3. NUMBER OF PERSONS OCCUPIED
IN
TRANSPORATION AND COMMUNICATION
ON FULL-TIME BASIS



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Chief, Business Statistics Branch: Sydney B. Smith, M.A.

ECONOMIC CONDITIONS IN CANADA DURING THE FIRST NINE MONTHS OF 1943 COMPARED WITH THE SAME PERIOD OF 1942

The main economic factors recorded advances in the first nine months of the present year over the same period of 1942. An average of six major factors was higher in the nine months than in any similar period in Canadian history. The extraordinary advances in business operations, wholesale prices and bank deposits in progress since the outbreak of hostilities were continued in the period under review. The index of the physical volume of business based on the period from 1935 to 1939 averaged 233.3 against 199 in the same period of last year. The increase of more than 17 per cent reflects the influence of the marked expansion in war production. While a tendency toward tapering off has been displayed in recent months, the level of productive activity has been greater during the present year than at any time in our industrial history.

Wholesale prices recorded a marked gain in the last quarter of 1939 following the outbreak of hostilities. A sharp advance was displayed until the latter part of 1941 when the upward movement was checked by more efficient control. The net result was that the index of wholesale prices on the base of 1926 has recently been at a higher level than in the base period. The marked decline in wholesale prices from the latter part of 1929 to the first quarter of 1933 has been more than counterbalanced. The reestablishment of parity with the base period is a most significant development with a bearing on the successful operation of business enterprise. The index of wholesale prices averaged 99.2 in the first nine months against 95.3 in the same period of last year, a gain of more than 4 per cent.

The deposit liabilities of the chartered banks reached a higher level in the elapsed portion of 1943 than at any other time. A persistent though moderate increase had been shown from the first quarter of 1933 to the third quarter of 1939. Upon the outbreak of war, bank deposits rose sharply and a marked upward trend has been maintained with only minor interruptions. The sum of the four main classes of deposits averaged $3.9 billion on the first 8 reporting dates compared with $3.2 billion in the same period of 1942, a gain of no less than 21.3 per cent. The high point in history was reached at the beginning of June and some tendency toward tapering off has been in evidence since that time. Considerable gains were recently shown in notice and demand deposits, preparatory to the making of heavy payments on the 5th Victory Loan offered during the three weeks commencing October 18th.

While the advance in business operations was quickened in the later months of 1939, the pace was greatly accelerated about mid-year of 1940. The subsequent advance has been of unprecedented dimensions. The index of industrial production indicating the trend of mining, manufacturing, construction and electric power recorded a gain of 21 per cent to nearly 270 in the first nine months of 1943. The index of mineral production based on 15 factors including the use of bauxite in the production of aluminium was 284.6, a gain of 26 per cent over the first nine months of 1942.

The increase in the index of manufacturing production was nearly 23 per cent, the standing in the first nine months of the present year having been nearly 290. The consumption of electric power indicating the trend in operations of the electric power industry rose about 10 per cent, the total having been 26.3 billion kilowatt-hours against 23.9 billion in the same period of last year.

Decline was shown in the new business obtained by the construction industry. Contracts awarded at $161 million was 29.7 per cent less than in the first nine months of 1942. The decline in building permits in 58 municipalities was 23 per cent. The gain in a number of manufacturing industries was indicated by advances in flour production, the output of creamery butter and the release of cigarettes. The output of wheat flour was nearly 61 million barrels in the first eight months, a gain of 21.8 per cent. Creamery butter production was 258.4 million pounds against 227.6 million a gain of 13.6 per cent. The release of cigarettes was more than 17 per cent greater at 8,475 million. A minor gain was shown in cigar releases at 146 million. Declines were recorded in some industries affected by the shortage of manpower and raw materials.

Raw cotton consumption was more than 9 per cent less at 138.8 million pounds. Newsprint production receded from 2.4 million tons to 2.2 million a decline of 8 per cent. Minor recessions were shown in steel and iron production from the high levels of 1942.

The transportation of commodities showed a continuance of expansion in the first eight months of the present year. The tons carried one mile by the two main railways amounted to 36.353 million, a gain of 10.3 per cent. Increases of 23.2 per cent and 14.9 per cent were shown in the gross revenues of the C.N.R. on Canadian lines and by the C.P.R., respectively. An index of wholesale sales rose more than 7 per cent to 162.8, while the index of retail sales rose nearly 4 per cent at 148.9. The striking development in external trade was a gain of more than 26 per cent in exports. The total was $2,137 million against $1,692 million in the same period of 1942. As the imports recorded a gain of 3 per cent only at $1,277 million a marked increase was recorded in the active balance of trade. The trend rose from $452 million to $816 million during the period under review, a gain of no less than 90 per cent.

Coincidental with the industrial expansion, employment was in greater volume during the first nine months. The index on the base of 1926 was 182.5 against 170.4, a gain of more than 7 per cent. Gains were recorded in manufacturing and construction while recessions were shown in logging and mining. The index of employment exhibits a tendency toward levelling off in recent months, indicating that the phase of full employment has been practically reached.

The estimate of national income was $745 million in September against $732 million in the preceding month. The standing in September last year was $646 million. The total for the first nine months was $6,579 million against $5,515 million in the same period of 1942. The increase in this comparison consequently was 19.3 per cent. The advance in the national income has continued sharply since the outbreak of hostilities. The increasing concentration upon war production was the main influence in the higher levels of the elapsed portion of the present year.

A large amount, contributed to the war effort in the form of taxation and the purchase of bonds and war savings certificates, was diverted from the national income and to that extent prevented competition with wartime industries in the purchase of materials in the open market. It should be observed that even in the face of this large deduction there was still a marked gain in purchasing power in the hands of the public compared with prewar years. The remainder of the national income is more evenly distributed over the entire population.

Table 1. Statistics Illustrating the Economic Situation of Canada for the first Nine Months of 1943 compared with the Same Period of Last Year.

	Unit or Base Period	First Nine Months 1943	First Nine Months 1942	Per Cent Increase + Decrease -
General Economic Situation				
Index of Physical Volume of Busniess	1935-9=100	233.3	198.9	+ 17.3
Index of Industrial Production	1935-9=100	269.9	223.1	+ 21.0
Wholesale Prices	1926=100	99.2	95.3	+ 4.1
Cost of Living	1935-9=100	118.1	116.5	+ 1.4
Index of Common Stock Prices	1935-9=100	84.0	62.9	+ 33.5
Index of Bond Yields	1935-9=100	97.6	99.3	- 1.7
Bank debits	$000	38,378,604	32,291,693	+ 18.8
Production and General Business				
Mineral Production	1935-9=100	284.6	225.7	+ 26.1
Gold Receipts at Mint	Fine Ozs.	2,788,396	3,554,335	- 21.5
Coal Production	Tons	13,086,912	13,886,804	- 5.8
Manufacturing Production	1935-9=100	289.7	235.8	+ 22.9
Flour Production (8 months)	Bbls.	15,992,768	13,135,626	+ 21.8
Cattle Slaughterings	No.	1,189,477	1,196,710	- 0.6
Hog Slaughterings	No.	4,670,596	4,341,936	+ 7.6
Creamery Butter Production	Lbs.	258,446,645	227,598,743	+ 13.6
Factory Cheese Production	Lbs.	128,538,166	168,922,246	- 23.9
Cigarettes released	No.	8,474,[illegible],918	7,221,827,951	+ 17.4
Cigars released	No.	146,054,128	144,784,531	+ 0.9
Leather Boots and Shoes (8 months)	Pairs	19,492,731	18,788,567	+ 3.7
Raw cotton consumption	Lbs.	138,765,250	152,861,522	- 9.2
Paper and Lumber -				
Newsprint Production	Tons	2,217,432	2,410,209	- 8.0
Iron and Steel -				
Steel Ingot Production	Short Ton	2,237,736	2,312,091	- 3.2
Pig Iron Production	Short Ton	1,331,966	1,464,631	- 9.1
Coke Production	Short Ton	2,516,941	2,452,356	+ 2.6
Construction -				
Contracts awarded	$	160,729,600	228,486,900	- 29.7
Building Permits (58 Municipalities)	$	45,035,923	58,587,871	- 23.1
Consumption of Firm Power	000 K.W.H.	26,287,277	23,900,991	+ 10.0
Internal Trade -				
Wholesale Sales (8 months)	1935-9=100	162.8	152.0	+ 7.1
Retail Sales (8 months)	1935-9=100	148.9	143.3	+ 3.9
External Trade -				
Exports	$000	2,137,102	1,692,297	+ 26.3
Imports	$000	1,276,974	1,240,277	+ 3.0
Active Balance of Trade	$000	+ 860,128	+ 452,020	+ 90.3
Railways - Tons carried 1 mile - (8 months) 2 Rlys.	000,000 tons	36,353	32,945	+ 10.3
Carloadings	No.	2,531,730	2,500,563	+ 1.2
Gross Revenue C.N.R. (Canadian Lines) (8 months)	$	257,336,700	208,894,000	+ 23.2
Gross Revenue C.P.R. (8 months)	$	191,134,249	166,317,000	+ 14.9
Employment - Unadjusted (9 months' average)				
General Index	1926=100	182.5	170.4	+ 7.1
Manufacturing		223.7	202.1	+ 10.7
Logging		177.4	197.7	- 10.3
Mining		159.4	174.0	- 8.4
Construction		128.6	123.1	+ 4.5
Building		167.3	145.4	+ 15.1
Highway		125.9	136.8	- 8.0
Trade		152.5	155.4	- 1.9
Banking - (8 months' average)				
Deposits, Four Classes	$000	3,877,111	3,196,033	+ 21.3
Current Loans	$000	1,044,165	1,080,802	- 3.4
Circulating Media	$000,000	725.6	541.1	+ 34.1
Cash and Cheque Payments (9 months' Total)	$000,000	52,740	43,627	+ 20.9
Dominion Finance - April to September				
Total Revenues	$	1,292,546,904	1,068,876,522	+ 20.9
Ordinary Expenditures	$	276,763,569	254,169,152	+ 8.9
War Expenditures	$	1,624,458,053	1,045,748,414	+ 55.3
United Kingdom War Financing (1942) and United Nations Mutual Aid (1943)	$	272,974,072	708,928,634	-
National Income (Tentative Computation)	$000,000	6,579	5,515	+ 19.3

Sixteen items recorded declines, while thirty-six showed increases.

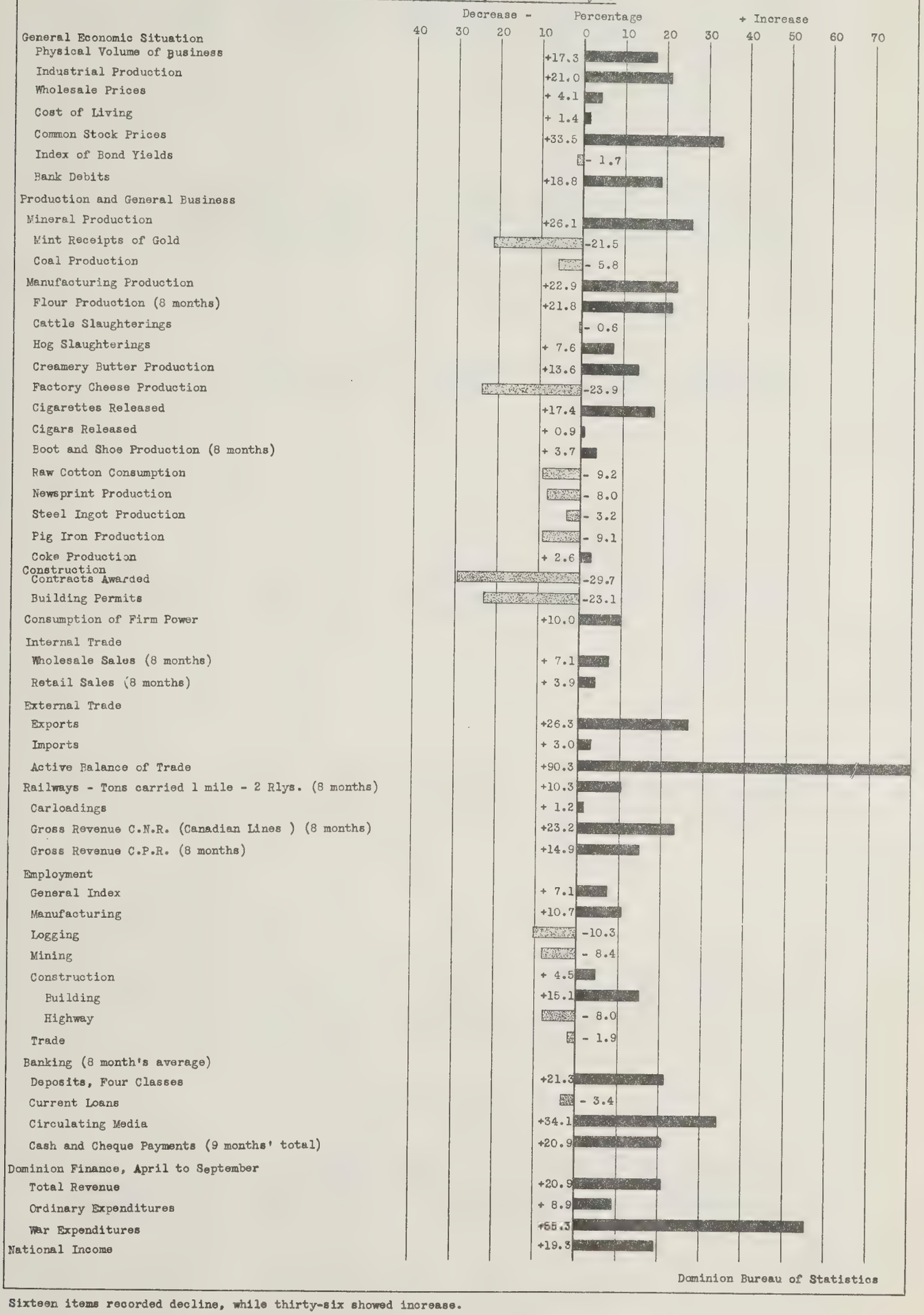
Published by Authority of the Hon. James A. MacKinnon, M.P.,

Minister of Trade and Commerce

THE ECONOMIC SITUATION IN CANADA

for the first nine months of 1943

as compared with the same period of last year



Dominion Bureau of Statistics

Sixteen items recorded decline, while thirty-six showed increase.

TABLE II - INCOME ORIGINATING IN WHOLESALE AND RETAIL TRADE

1919 - 1940

$000

Year	Income Originating	Salaries and Wages	Withdrawals	Net Dividends	Net Interest	Payments to Individuals	Positive or Negative Savings
	(a)	(b)	(c)	(d)	(e)	(f)	(g)
1919	492,496	285,148	177,977	17,400	1,270	481,795	+ 10,701
1920	579,478	346,822	188,884	18,884	1,450	556,040	+ 23,438
1921	479,428	317,969	159,479	20,394	1,392	499,234	- 19,806
1922	470,704	299,547	153,142	18,732	1,359	472,780	- 2,076
1923	490,253	313,810	144,661	20,038	1,352	479,861	+ 10,392
1924	479,878	319,309	138,193	24,559	1,540	483,601	- 3,723
1925	529,880	331,318	134,908	37,645	2,344	506,215	+ 23,665
1926	589,520	356,044	132,951	49,422	2,421	540,838	+ 48,682
1927	607,785	386,309	144,093	50,564	2,472	583,438	+ 24,347
1928	655,811	421,816	157,126	55,936	2,626	637,504	+ 18,307
1929	673,849	437,950	163,474	59,259	2,825	663,508	+ 10,341
1930	575,040	377,596	142,678	64,614	2,796	587,684	- 12,644
1931	479,032	330,414	126,772	56,924	2,563	516,673	- 37,641
1932	379,008	276,877	107,063	43,288	2,311	429,539	- 50,531
1933	366,186	258,574	99,193	35,187	2,063	395,017	- 28,831
1934	414,593	268,646	103,071	43,640	2,266	417,623	- 3,030
1935	442,192	291,371	111,975	51,806	1,827	456,979	- 14,787
1936	481,888	311,833	119,840	55,213	1,784	488,670	- 6,782
1937	538,426	335,949	129,205	58,363	1,553	525,070	+ 13,356
1938	540,767	345,388	131,926	63,537	1,328	542,179	- 1,412
1939	547,456	356,055	135,468	56,450	1,174	549,147	- 1,691
1940	584,087	392,479	149,110	43,829	1,281	586,699	- 2,612

OPERATING ACCOUNTS OF WHOLESALE AND RETAIL TRADE 1919-1940

Notes to Table II.

The activities connected with the distribution of commodities through wholesale and retail outlets constitute an important segment of the Canadian economy. The method of distribution has been greatly altered in the last quarter of a century. The system is being continually modified and adapted to meet the changes in production and in the demands of consumers. In addition to buying and selling, the trading companies are responsible for other functions including the assembling, transportation and warehousing of commodities, as well as a certain amount of the financing of finished goods.

The income originating in trade was about 12 per cent of the entire national income during the period from 1919 to 1940. The proportion was 12.2 per cent in the first half of the period and 11.8 per cent in the last half. The average contribution to Canada's income was about $518 million per year. Trade income for the 22-year period reached the highest point in 1939 at $673.8 million, while the lowest level, reached in 1933, was $366 million. Due for the most part to deflated prices during the early thirties, the trend of the industry in the 22 years was slightly downward. The fluctuation in the income originating was moderately greater than in the majority of economic factors.

A difficulty arises in fixing the limits of retail trade. The selling of commodities is closely connected with other activities, notably manufacturing and service merchandising. Restaurants, for example, may more logically be included with personal service under the heading of hotels and restaurants. It seems advisable to incorporate such functions as custom and personal services under the heading of service rather than with trade. The total amount received for such services was reported, on page 70 of Census Volume X, 1930, as being $46.8 million.

Wholesaling proper constitutes the connecting link between producers and retailers. Bulk wholesaling may be subdivided into a number of classes based on the functions performed and the nature of the trade served including tank stations, district and general sales offices, manufacturers sales branches and agents and brokers, etc.

(a) Income originating: The income originating in trade was obtained by deducting the cost of purchased goods, general expenses and depreciation charges from net sales. Sales of wholesalers were $3,325 million in 1930 and extrapolation in previous years was effected by means of a stringer based on the product of indexes of output and prices of consumers' goods. The composite was also used in extending the total, year by year, from 1931 to 1935. Since that year the sample index computed by the Internal Trade Branch was used for the same purpose. The gross margin for the industry was placed at 10.95 per cent in 1930. American experience was useful in establishing the gross margin during the period from 1919 to 1929. The gross margin applied to net sales results in the "value added". The difference between the two accounts was taken as the amount expended for replenishment of stock. The general expense ratio in 1930 given as 4.88 per cent was extended for other years according to the trend of the gross margin. Depreciation was estimated as a percentage of fixed capital. The latter was taken as 4.59 per cent of net sales while the depreciation rate, based on American experience, was 7.2 per cent.

The net sales of retail trade from 1923 to 1933 were given on page 8 of "A Decade of Retail Trade 1923-1933". The totals for more recent years were based on monthly returns received by the Internal Trade Branch from a considerable sample of different kinds of stores. The net sales were extended backward from 1922 to 1919 by American experience. The total for 1930 was reduced by the amount of receipts by restaurants and by the service activities listed on page 70 of Census Volume X, 1930.

The gross margin, being the difference between the cost of incoming merchandise and the actual amount realized when the same merchandise is sold, is generally expressed as a percentage of net sales. The series, constructed by an examination of Canadian and American experience, varied from a low point of 23.60 in 1920, to a high

point of 26.95 in 1933. The amount of purchases and general expenses were obtained by means of the appropriate series of percentages. The fixed capital was placed at about 27.4 per cent of net sales and the depreciation rate ranged from 5.6 per cent in 1925 to 7.6 per cent in 1929.

(b) and (c) Occupational Income: The remuneration of employees and working proprietors from 1926 to the present were prepared by the Internal Trade Branch from census and monthly returns filed by the companies in the group. Deductions were made from the retail trade results due to the transfer of restaurants and personal and custom services to the major group of service. Remuneration to the two classes of income recipients were projected backward, covering the period from 1919 to 1925 by means of index numbers of numbers and rates.

From the industrial section of the census proper, considerable information was obtained as to the numbers of employees and working proprietors and the rates of remuneration. The index of employment in trade maintained by the Employment Statistics Branch since 1921, is also of considerable utility in appraising the trend of employment.

(d) to (g) Investment Income, etc.: Net dividends and interest were computed by an examination of the profit and loss statements of public interest companies. By the summation of the occupational income and the net dividends and interest, we obtain the national income payments to individuals. Deducting such payments from the income originating in the group, the remainder is regarded as the positive or negative savings.

Upon the receipt of complete information from the census of trading establishments and from the special enquiry regarding dividends, interest and additions to surplus further revision of the operating accounts will be undertaken. Changes will be made as new data become available and better analytical methods are devised.

Chart 1.

INCOME PAYMENTS TO INDIVIDUALS
IN TRADE
BEFORE DEDUCTION OF INTERNATIONAL BALANCE ON DIVIDENDS AND INTEREST

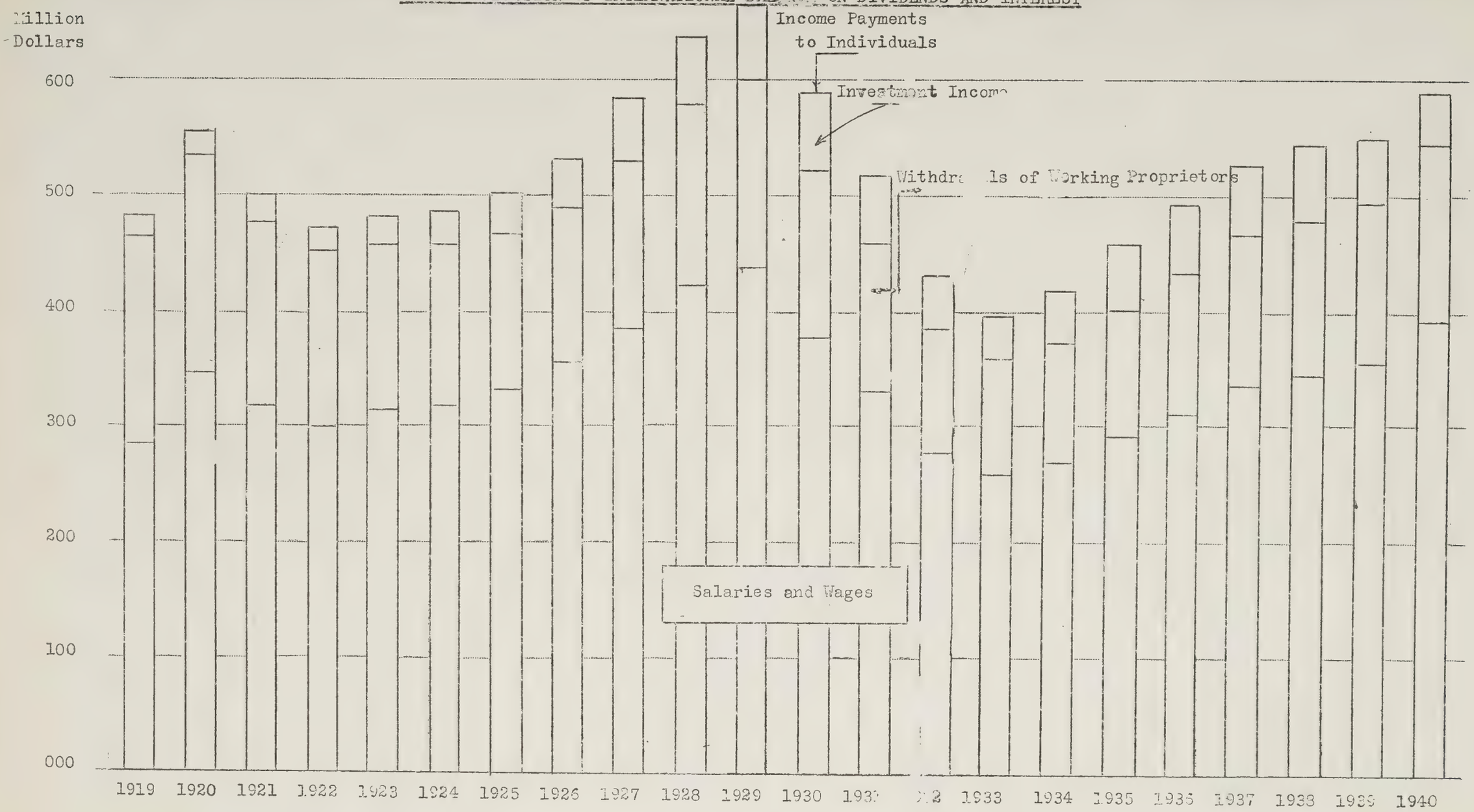


Chart 2.

INCOME ORIGINATING AND PAYMENTS TO INDIVIDUALS
IN TRADE - BEFORE DEDUCTION OF INTERNATIONAL BALANCE ON DIVIDENDS AND INTEREST

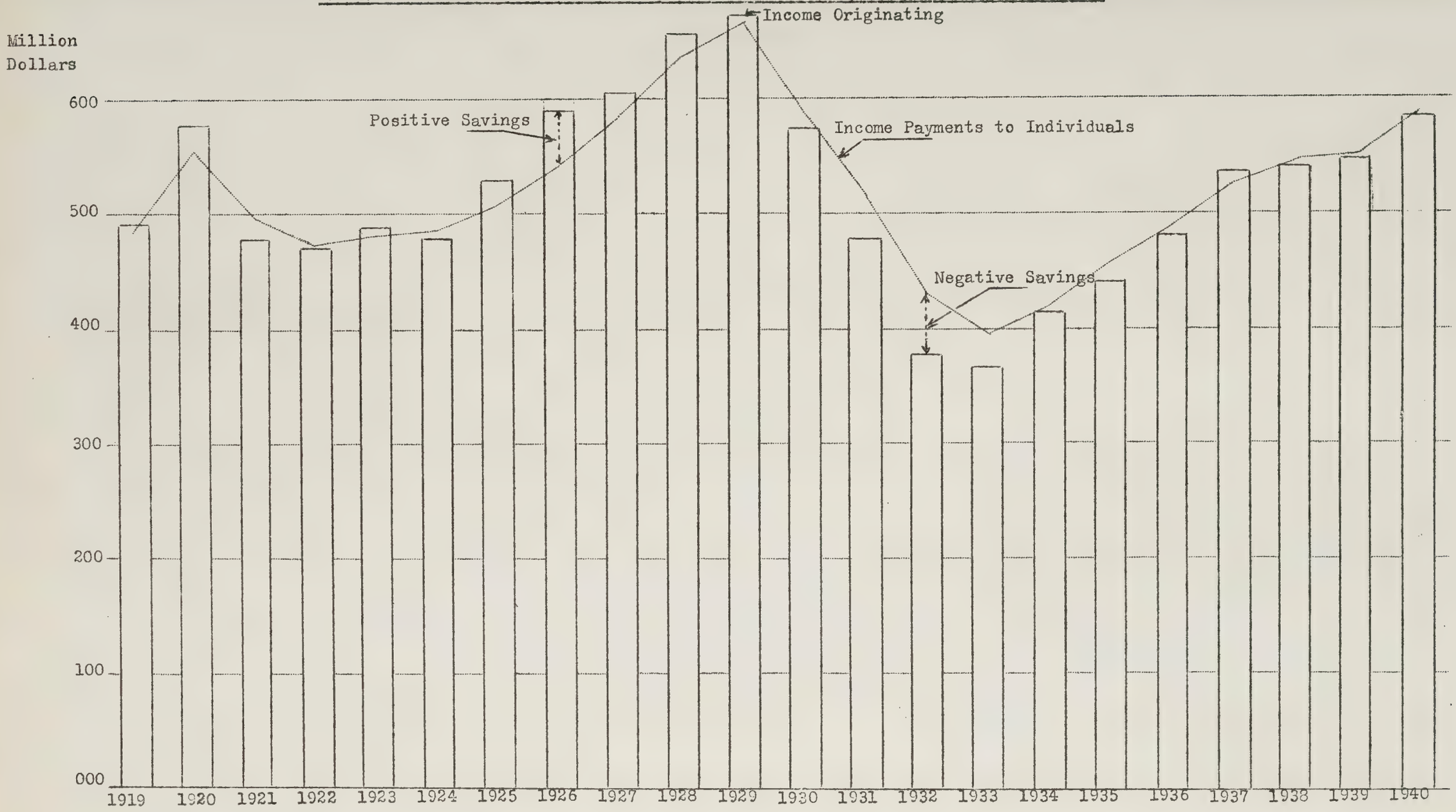
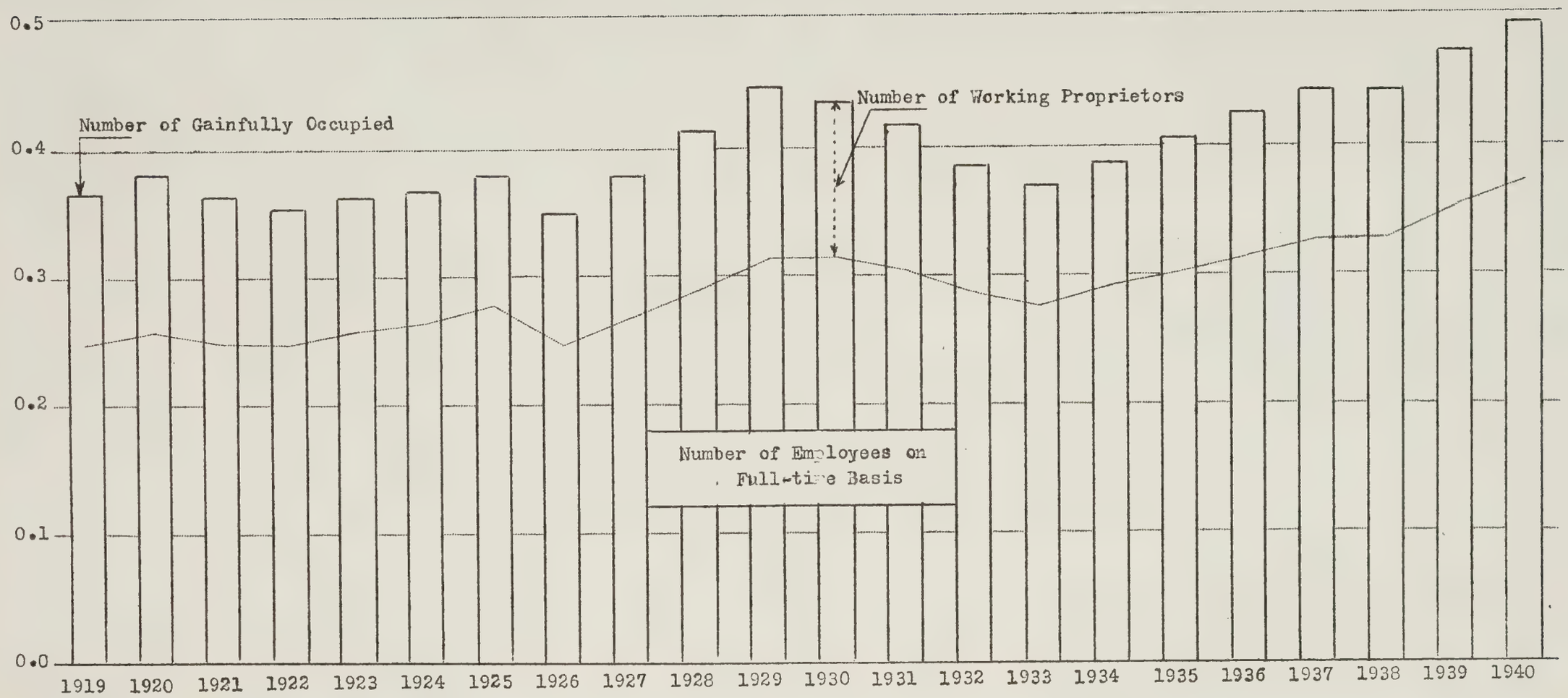


Chart 3.

NUMBER OF PERSONS OCCUPIED
IN
TRADE
ON FULL-TIME BASIS



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DEPT. OF POLITICAL SCIENCE
UNIVERSITY OF TORONTO

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Minister of Trade and Commerce

DOMINION BUREAU OF STATISTICS - OTTAWA
BUSINESS STATISTICS BRANCH

Dominion Statistician: S.A. Cudmore, M.A. (Oxon.), F.S.S., F.R.S.C.
Chief, Business Statistics Branch: Sydney B. Smith, M.A.

ECONOMIC CONDITIONS IN CANADA DURING THE FIRST TEN MONTHS OF 1943 COMPARED WITH THE SAME PERIOD OF 1942

The six factors indicating the trend of economic conditions reached a higher level during the first ten months of 1943 than in any other period. The expansion was mainly due to advances in business operations, the deposit liabilites of the chartered banks and in wholesale prices. The price of Dominion bonds has been remarkably steady since mid-year, 1940. Speculative factors, including common stock prices and the shares traded on the stock exchanges, showed a continued advance between August, 1942 and June of the present year. The advance in common stock prices counterbalanced the decline subsequent to March, 1940. Speculative trading in the first ten months of the present year was greater than in any similar period since mid-year, 1940.

Wholesale prices on the basis of 1926 averaged 99.4 in the first ten months of the present year against 95.4 in the same period of 1942, a gain of 4.2 p.c. In recent months the index has moved above parity with the base of 1926. The advance in recent years, especially since the outbreak of hostilities, has counterbalanced the decline in evidence since the latter period of 1939 to the first quarter of 1943.

The sum of the four main classes of bank deposits has shown an upward trend since the first quarter of 1934, the advance being greatly accelerated upon the outbreak of war. The deposit liabilities in the first ten months of 1943 reached a new high level in our banking history. The average was $3.9 billion against $3.2 billion in the same period of last year, a gain of 20.8 p.c. having been indicated.

The index of the volume of production, the most significant of the six factors under consideration, rose to an extraordinary height in the first ten months of 1943. The index of the physical volume of business on the base of 1935-39 averaged nearly 234 against about 200 in the same period of 1942, a gain of more than 17 p.c. The business index was practically maintained during the later part of 1939 at a level comparable to that of 1929, the culmination of the preceding prosperity cycle. Fostered by the heavy war demands, the advance was continued after the first quarter of 1940, and a sharply rising trend has been maintained until recent months. The index showed a gain in October over the preceding month but the maximum of August was not surpassed. Having practically reached a stage of full employment, further important advances are not expected. During recent months the output of war plants has tended to raise the index but isolated cases of curtailment are commencing to have an effect.

The index of employment maintained by the Bureau month by month has recorded a new maximum. The average during the first ten months of the present year was 183 compared with 170.4 in the same period last year. While the increase was limited to 7.4 p.c., the higher standing of the index on the base of 1926 indicates the marked increase in the working forces of Canada. Employment in manufacturing and construction recorded gains over the same period of 1942. The index of trade employment, including wholesale and retail outlets, receded from 155.4 in 1942 to 152.9 during the first ten months of the present year. The index of employment in manufacturing averaged 225.2 for the first ten reporting dates of the present year, a gain of 11.4 p.c. over 1942. Each of the main components of the index of the physical volume of business recorded expansion in 1943 over the same period of last year, except the new business obtained by the construction industry. The index of mineral production covering smelting as well as mining operations rose from 223 to 287. The gold industry was less active, receipts at the Mint for the first ten months of the present year having been 3,074,537 fine ozs. compared with 3,934,479. The decline in coal production was 5.5 p.c., the total for the first ten months having been 14.6 million tons.

The index of manufacturing production rose 22 p.c. to 291.2 during the elapsed portion of the present year against 238.5 in 1942. Considerable gains were shown in the flour milling industry, the output in the first nine months having been more than 18 million barrels. The meat packing and dairy industries recorded considerable expansion over the same period of 1942. The output of creamery butter was 283.6 million pounds, a gain of more than 12 p.c. over the same period of last year. The release of cigarettes was 9.4 billion, a gain of nearly 15 p.c. over the same months of 1942. The textile

industry, due to the shortage of manpower, recorded a decline in operations. The raw cotton consumption declined 10.3 p.c. to 152 million pounds. Newsprint production amounted to 2.5 million tons, a decline of 7.6 p.c. Steel ingot production was nearly maintained at the high level of the preceding year while a decline was shown in pig iron. Operating under the limitations of wartime, the construction industry was less successful in obtaining new business, contracts awarded having been less than $180 million, a decline of 28 p.c. from the preceding year.

The power industry showed further advance to a new high point in 1943. The consumption of firm power was 29.4 billion K.W.H. against 26.7 billion in 1942, the preceding maximum. The gain of 10 p.c. over the high level of last year indicates the heavy contribution of the power industry to the war effort.

The gain in domestic trade was of moderate proportions. The index of retail sales rose only from 144.4 to 149.9, the increase being limited to 3.8 p.c. Wholesale sales rose 6.8 p.c. in the same comparison, the index in the first ten months of the present year being 165.4.

The export trade is an excellent measure of Canada's economic contribution to the war. The amount in the first ten months was nearly $2.4 billion compared with $1.9 billion in the same period of last year, a gain of 26 p.c. A moderate gain was also shown in the imports of merchandise. The net export of non-monetary gold was $121 million in the first ten months against $157.9 million in the same period of last year, a decline of 23.4 p.c.

The railways were more active during the present year than in 1942, the tons carried one mile have been 41 billion against 37 billion in the same period. The gain was nearly 12 p.c. while the increase in car loadings was less than 1 p.c., indicating the considerable gain in efficiency. The gross revenue on the internal lines of the Canadian National Railway was $290.5 million against $238.8 million , while the revenue of the Canadian Pacific Railway rose from $188.6 million to $217.6 million.

It is estimated that the circulating media in the hands of the public, consisting of bank notes and subsidiary coin, rose from $549 million to an average of $732 million, a gain of nearly one third. Bank debits in the first ten months were $43 billion against $36.4 billion in the same period of last year. The sum of the cash and cheque payments was estimated at $59 billion against $49 billion, a gain of 20.3 p.c.

The total revenue of the Dominion Government was $1,536 million during the period from April to October compared with $1,273 million in the same period of last year, the increase having been 20.7 p.c. War expenses rose more than 61 p.c. from $1,223 million to $1,971 million. The United Kingdom war financing amounted to $829 million in the first seven months of the fiscal year of 1942-43 while the payments under the United Nations Mutual Aid Act of the present year were $295.6 million.

The national income was tentatively estimated at $7,300 million in the first ten months of the present year. The gain over the same period of last year was 18.3 p.c., the total having been $6,200 million.

The study of national income, conducted by the Bureau, extends over the period from the end of the First World War to the present. The general plan was to assemble or estimate the payments to individuals and the undistributed profits of the thirty industrial and service groups. The types of payments such as salaries and wages, other labour income, withdrawals of working proprietors, dividends, interest and rents were than added for the thirty productive sources. The results were used for determiningthe relative importance of the groups and of the types of payment. The study of the trend and fluctuation of the numerous statistical series makes up a comprehensive analysis of the workings of the Canadian economy.

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Production and General Business				
Mineral Production	1935-9=100	287.2	222.7	+ 29.0
Gold Receipts at Mint	Fine Ozs.	3,074,537	3,934,479	- 21.9
Coal Production	Tons	14,627,653	15,475,194	- 5.5
Manufacturing Production	1935-9=100	291.2	238.5	+ 22.1
Flour Production (9 months)	Bbls.	18,007,023	14,873,098	+ 21.1
Cattle Slaughterings	No.	1,331,219	1,354,236	- 1.7
Hog Slaughterings	No.	5,315,264	4,874,440	+ 9.0
Creamery Butter Production	Lbs.	283,566,647	252,677,702	+ 12.2
Factory Cheese Production	Lbs.	146,844,392	189,445,514	- 22.5
Cigarettes released	No.	9,444,339,079	8,232,278,945	+ 14.7
Cigars released	No.	162,311,735	164,432,095	- 1.3
Leather Boots and Shoes (9 months)	Pairs	21,781,794	21,048,046	+ 3.5
Raw cotton consumption	Lbs.	152,315,584	169,752,551	- 10.3
Paper and Lumber -				
Newsprint Production	Tons	2,476,768	2,681,764	- 7.6
Iron and Steel -				
Steel Ingot Production	Short Ton	2,509,712	2,583,218	- 2.8
Pig Iron Production	Short Ton	1,478,760	1,640,055	- 9.8
Coke Production	Short Ton	2,866,167	2,730,675	+ 5.0
Construction -				
Contracts awarded	$	179,968,100	249,899,700	- 28.0
Building Permits (58 Municipalities)	$	50,809,332	64,865,491	- 21.7
Consumption of firm power	000 K.W.H.	29,418,970	26,737,554	+ 10.0
Internal Trdae -				
Wholesale Sales (9 months)	1935-9=100	165.4	154.8	+ 6.8
Retail Sales (9 months)	1935-9=100	149.9	144.4	+ 3.8
External Trade -				
Exports	$000	2,399,976	1,905,264	+ 26.0
Imports	$000	1,439,895	1,380,470	+ 4.3
Active Balance of Trade	$000	+ 960,081	+ 524,794	+ 82.9
Net Exports of non-monetary gold	$000,000	121.0	157.9	- 23.4
Railways - Tons carried 1 mile - (8 months) 2 Rlys.	000,000 tons	41,388	36,992	+ 11.9
Carloadings	No.	2,846,905	2,823,622	+ 0.8
Gross Revenue C.N.R. (Canadian Lines) (9 months)	$	290,466,300	238,824,000	+ 21.6
Gross Revenue C.P.R. (9 months)	$	217,582,564	188,644,000	+ 15.3
Employment - Unadjusted (10 Months' average)				
General Index	1926=100	183.0	170.4	+ 7.4
Manufacturing		225.2	202.1	+ 11.4
Logging		174.3	197.7	- 11.8
Mining		159.0	174.0	- 8.6
Construction		129.4	123.1	+ 5.1
Building		165.1	145.4	+ 13.5
Highway		130.3	136.8	- 4.8
Trade		152.9	155.4	- 1.6
Banking - (9 months' average)				
Deposits, Four Classes	$000	3,900,240	3,228,270	+ 20.8
Current Loans	$000	1,038,009	1,069,396	- 2.9
Circulating Media	$000,000	731.9	549.4	+ 33.2
Cash and Cheque Payments (10 months' Total)	$000,000	59,140	49,178	+ 20.3
Dominion Finance - April to October				
Total Revenues	$	1,536,349,470	1,273,088,097	+ 20.7
Ordinary Expenditures	$	332,853,660	310,001,643	+ 7.4
War Expenditures	$	1,971,475,919	1,222,845,494	+ 61.2
United Kingdom War Financing (1942) and United Nations Mutual Aid (1943)		295,564,813	828,928,634	-
National Income (Tentative Computation)	$000,000	7,318	6,185	+ 18.3

Eighteen items recorded declines, while thirty-five showed increases.

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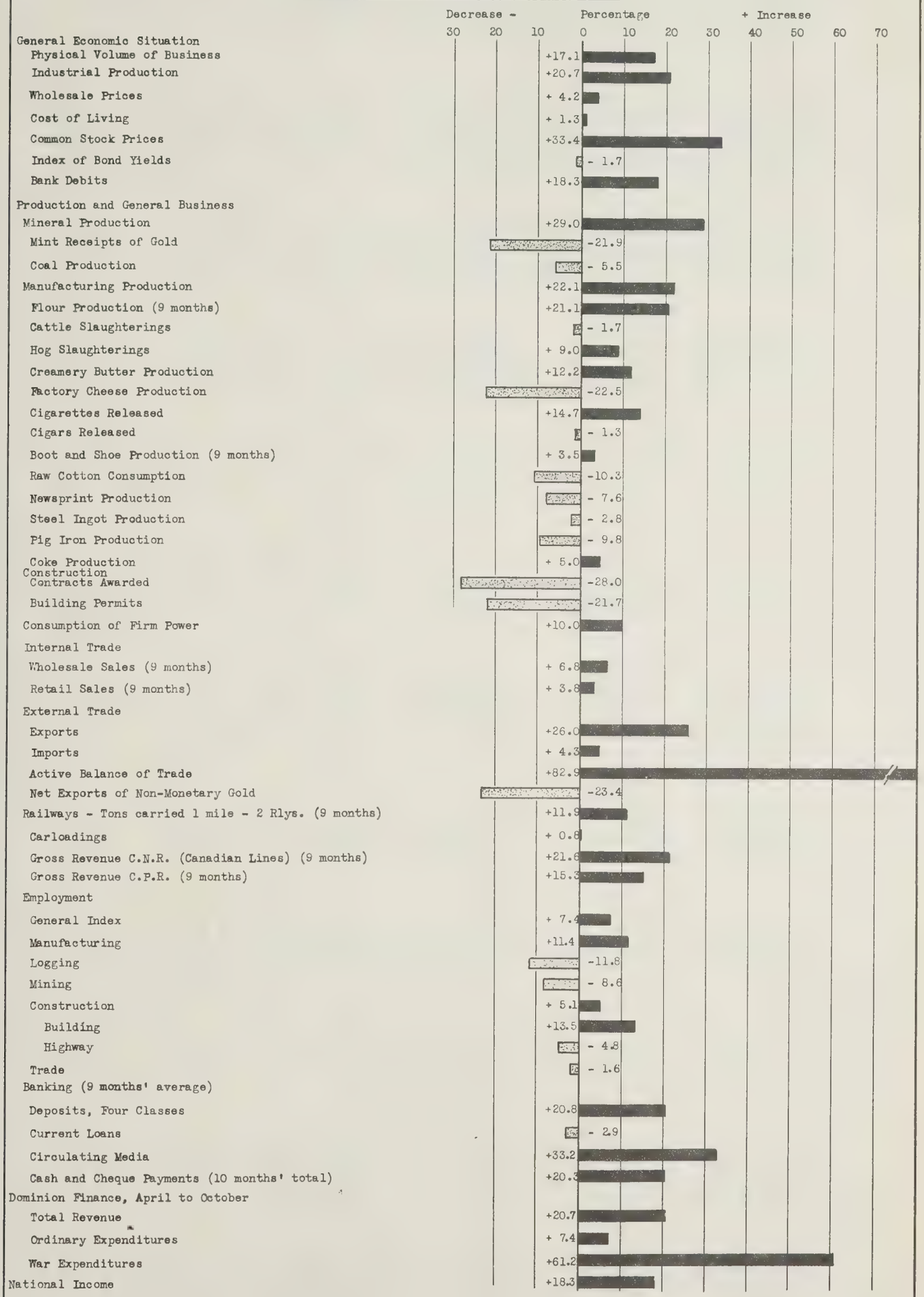
Minister of Trade and Commerce

THE ECONOMIC SITUATION IN CANADA

for the first ten months of 1943

as compared with the same period of last year



Dominion Bureau of Statistics

Eighteen items recorded decline, while thirty-five showed increase.

TABLE II - INCOME ORIGINATING IN FINANCE

1919 - 1940

$000

Year	Income Originating	Salaries and Wages	Pensions	Withdrawals	Net Dividends	Net Interest	Interest on Savings Deposits	Interest from Insurance & Annuity Contracts	Mortgage Interest	Net Rentals	Payments to Individuals Sum of (b) to (j)	Positive or Negative Savings
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)
1919	291,125	90,859	600	10,288	19,777	- 50,610	25,268	16,485	13,028	107,866	233,561	57,564
1920	341,148	105,981	675	10,363	22,454	- 48,316	27,593	16,425	11,999	130,160	277,334	63,814
1921	367,506	101,289	706	10,615	22,715	- 50,434	28,426	16,699	12,451	160,158	302,625	64,881
1922	406,054	98,309	823	10,659	22,317	- 49,067	28,365	19,218	13,307	183,640	327,571	78,483
1923	422,575	102,246	964	10,683	20,951	- 55,356	28,906	21,614	15,489	198,785	344,282	78,293
1924	469,113	105,832	1,052	10,984	20,725	- 64,093	30,088	23,092	17,588	208,401	353,669	115,444
1925	459,917	111,967	1,075	11,038	20,457	- 69,177	29,770	25,539	21,114	208,812	360,595	99,322
1926	501,388	118,152	1,241	11,507	19,893	- 66,883	31,419	26,579	24,728	205,520	372,156	129,232
1927	508,404	125,679	1,370	12,325	16,752	- 67,953	33,141	29,970	29,079	197,368	377,731	130,673
1928	600,746	136,666	1,456	12,914	13,845	- 68,235	35,630	33,630	34,409	207,333	407,648	193,098
1929	592,333	145,813	1,540	13,517	14,421	- 72,085	36,857	39,495	38,421	215,995	433,974	158,359
1930	581,684	145,617	1,801	12,523	14,393	- 72,589	36,876	45,372	41,592	226,783	452,368	129,316
1931	524,941	137,359	1,849	11,189	13,497	- 84,866	37,807	50,429	44,959	197,910	410,133	114,808
1932	342,369	123,149	2,048	10,175	14,074	- 92,083	35,650	57,780	45,310	143,600	339,703	2,666
1933	308,807	112,728	2,417	9,999	11,193	- 94,967	31,781	59,271	41,632	101,480	275,534	33,273
1934	361,228	112,868	2,437	9,929	10,455	- 90,193	29,207	53,758	40,090	79,189	247,740	113,488
1935	367,188	116,202	2,668	10,327	10,144	- 98,263	25,560	50,874	38,614	90,131	246,257	120,931
1936	402,266	119,380	2,899	10,941	10,359	-106,748	22,958	49,311	37,824	95,547	242,471	159,795
1937	428,670	126,505	3,097	11,172	10,556	-113,494	21,240	48,932	36,225	122,610	266,843	161,827
1938	424,999	128,679	3,252	11,387	10,777	-115,176	20,749	50,500	36,674	137,932	284,774	140,225
1939	425,849	130,848	3,566	11,196	10,072	-122,969	21,082	54,163	33,939	155,661	297,558	128,291
1940	423,650	128,035	3,740	10,090	9,775	-129,817	20,316	53,271	33,659	169,338	298,407	125,243

OPERATING ACCOUNTS OF THE FINANCE GROUP

(a) Finance is the balance wheel of the entire economy, playing a leading role in the national organization. The transactions of the several financial groups are affected, especially in wartime, by the fiscal policy of the Dominion Government. The operations of the banking, insurance, trust and loan companies are under government supervision. Measured by the income originating, the group contributed slightly more than 10 p.c. of the national income of Canada in the 22 years. The annual average income originating was $435 million, without adjustment for the international balance on dividends and interest.

The aggregate income originating in the six industries comprising the group showed a progressive advance from 1919 to 1928, the only interruption being that of 1925. The net result was an increase from $291 million in the first year of the period under observation to $601 million in 1928. An irregular advance was in evidence subsequent to 1933 when the steady decline to $309 million had culminated. A moderate trend in an upward direction was recorded during the 22-year period from 1919 to 1940. The fluctuation was somewhat greater than in the national income as a whole.

In the finance group, real estate, insurance and banking are the main contributors to the national income. Real estate acquired first place in this connection owing to the inclusion of the value of services rendered by non-farm dwelling houses, stores and office buildings. The services rendered by dwelling houses have a market price, the rent, which makes a direct valuation possible even for houses occupied by the owner. Mortgage interest paid to individuals is also an important component of personal income segregated for convenience under the heading of real estate.

The group includes, in addition, stock and bond dealers, trust companies and loan and mortgage companies.

The income originating in the finance group is the sum of the payments made to individuals and the undistributed profits of the companies operating in the field. Four types of payments are peculiar to the group - interest on savings deposits, interest from insurance and annuity contracts, mortgage interest and net rentals, as paid on rented property and estimated for owner-occupied dwellings.

(b) Salaries, wages and commissions. The salaries were furnished by the Canadian Bankers Association for the chartered banks by the Montreal City and District Bank and by La Caisse d'Economie de Notre Dame de Québec. Statistics for the Ontario Savings Office and the Province of Alberta Treasury Branches were compiled from the public accounts of Ontario and Alberta, respectively. The payments of the Bank of Canada and Foreign Exchange Control Board were furnished by an officer of the Bank. The salaries and wages paid by the Insurance, Trust companies and Loan and Mortgage companies were compiled from compendiums of company accounts, especially the reports of the Superintendent of Insurance, Ottawa, the Canadian Life Insurance Officers Association, the Registrar of Loan Corporations, Ontario and the Summary of Financial Statements of Trust Companies, Quebec. Steps were taken to eliminate payments to insurance personnel operating elsewhere than in Canada. Contributions to pension funds were deducted from gross payments made by life insurance companies. The salaries and wages paid by stock and bond dealers and real estate firms were based on decennial census reports with interpolation by means of index numbers.

(c) Pensions and retiring allowances were estimated for the banking and insurance industries. Contributions to Pension Funds having been deducted from gross salaries, the full payment of pensions was included for the two industries.

(d) As the finance group consists mainly of incorporated companies, the withdrawals of working proprietors are of relatively minor importance. The item was estimated for stock and bond dealers and real estate. The numbers were established for ten-year periods by the decennial census returns and the rate estimated as a margin over the per capita salary.

(e) Net dividends were computed for each of the six industries except real estate. The basic information was obtained from annual statements given in "Corporate Securities" and the "Annual Financial Review," the annual reports of the Superintendent of Insurance, Registrar of Loan Corporations, etc. The receipts of dividends by the companies in the group were deducted for the purpose of obtaining the net payments to individuals. No adjustment was made for the adverse balance of international payments, the correction being made at a later stage for the combined total for the seven main groups.

(f) The payments of net interest on bonds and debentures appear as a negative quantity from year to year during the period under observation. The receipts by the financial companies were considerably greater than the payments. The negative balance ranged from $48 million in 1920 to nearly $130 million in 1940. The general plan for estimating the receipts of interest by banking companies was to apply a rate to the average value of securities held. The month-end figures published by the Department of Finance were adopted for the chartered banks. The interest received by life insurance companies with Dominion registry was compiled from the company statements given in the report of the Superintendent of Insurance. To estimate the average rate earned, the interest received was divided by the two-year average of the book value of bonds and debentures held by the companies, shown in summary statements of their ledger assets. Interest payments by real estate firms were estimated from information given in the Financial Post's "Survey of Corporate Securities" in the years from 1926 to 1940 inclusive.

(g) Interest on savings deposits was computed for banking, trust, loan and mortgage companies. The monthly averages of notice deposits of the chartered banks for the 22 years were multiplied by a rate which varied from 2.75 p.c. for the period prior to 1933 to 1.375 p.c. from 1937 to the present. Information for four other bank organizations was also obtained. A proportion of the deposit interest was deducted since a considerable amount flows to commercial establishments, pension funds, and non-profit organizations.

Estimated average rates of interest paid were applied to the two-year averages of the guaranteed funds of trust companies. The interest incurred on savings deposits of loan companies was obtained from the official reports, the rate having been the same as used in connection with the trust companies.

(h) Interest from Insurance and Annuity Contracts.

Insurance premiums paid by individuals are considered as current savings and upon a claim being paid that portion which requests a repayment of savings is excluded as consumption of capital. The remaining portion representing the interest on the investment of accumulated savings by the insurance company is included as income. The treatment of annuities follows a similar pattern.

(i) Mortgage Interest.

The interest paid to individuals on mortgage loans and agreements on non-farm rural and urban real estate was computed in this connection. The first step was the compilation of the total amount of mortgages and agreements of sale outstanding, classified by type of lender. The main classes were financial institutions, government agencies, land corporations, miscellaneous and individuals. The information was obtained from company and public accounts, the annual reports of the Superintendent of Insurance being especially valuable in this respect. Average rates were computed from the records of sample life insurance companies whose mortgage investments in Canada were limited almost entirely to loans on urban real estate. The rate of interest collected by individuals on urban mortgages was taken as being 3 p.c. less than that for financial institutions.

(j) Net Rentals.

The net rentals of owner and tenant-occupied real estate were computed for urban dwellings, non-farm rural dwellings and commercial stores and office buildings. The decennial census supplied considerable information regarding housing conditions in 1931. The general plan consisted of building up the following estimates:

(a) The number of urban houses, apartments and flats.
(b) A distribution of the two classes between owner-occupied and tenant-occupied dwellings.
(c) The general expenses and net rentals of owner and tenant-occupied urban, and non-farm rural houses, and of stores and office buildings.

(l) Savings.

The net profits of banks as published were adjusted for the purpose in hand. Deductions were made for bank premises written off, dividends and contributions to pensions if not previously deducted. Such items as transfers to rest and reserve funds, depreciation of securities and additional transfers to contingent reserves were not deducted, while premiums on new capital stock were not allowed as an addition to profits. The savings of trust and loan and mortgage companies were computed by making certain adjustments to the excess of income over expenditures. The savings of the insurance group consist of the net equity of policy-holders in insurance and pension reserves. (1) To the total liabilities of the life insurance, fraternal and mutual benefit societies with Dominion registry was added the gross loss in the sale of assets and shareholders surplus for joint stock companies was deducted. The net change in the net liabilities computed in this way measured the net equity of the policy-holders in insurance and pension reserves, resulting from the operations of the companies and societies. (2) The yearly change in the total liabilities of fire, fire and other, and casualty insurance of Dominion registry was regarded as the net equity of the policy-holders in insurance and pension reserves.

Chart 1.

Million Dollars

INCOME PAYMENTS TO INDIVIDUALS
IN THE FINANCIAL GROUP
BEFORE DEDUCTION OF INTERNATIONAL BALANCE ON DIVIDENDS AND INTEREST

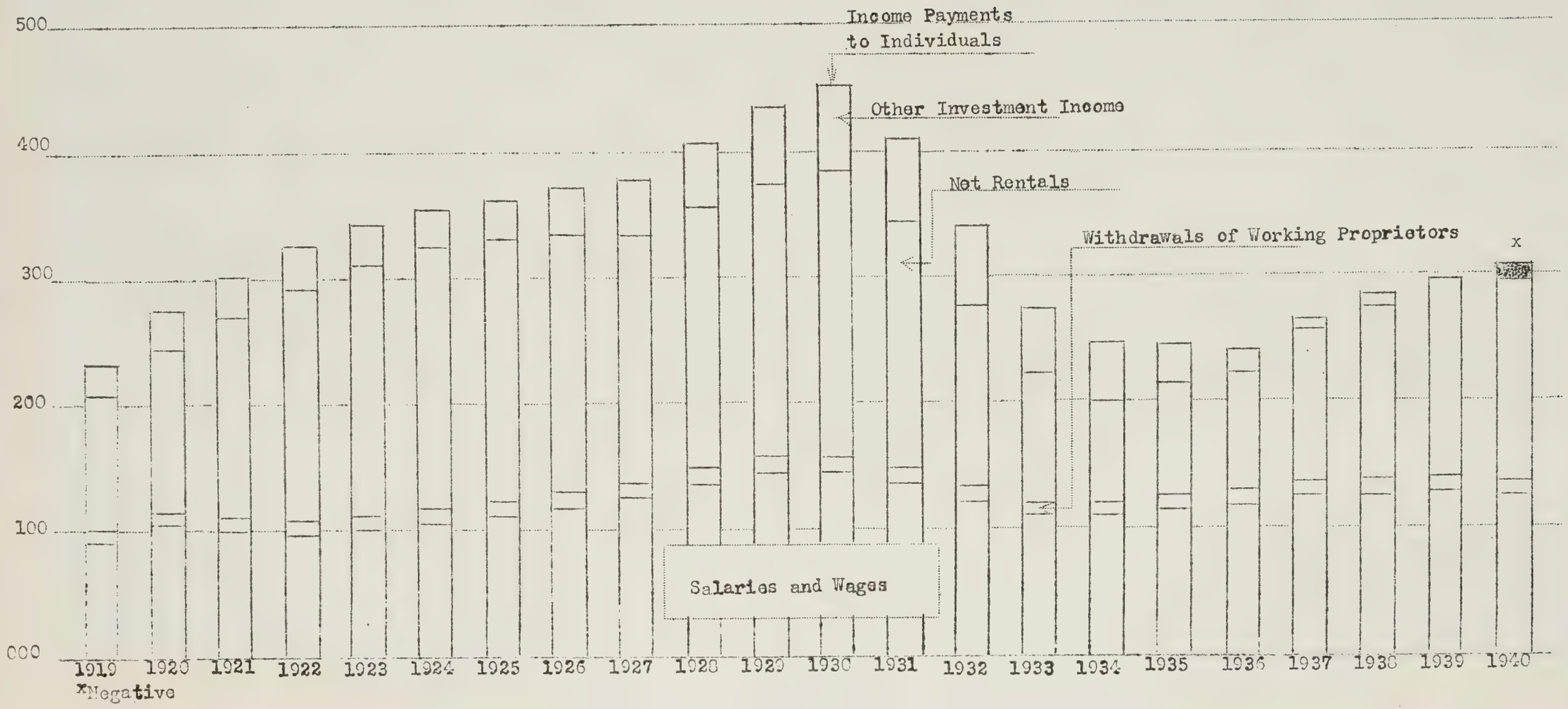


Chart 2.

NUMBER OF PERSONS OCCUPIED
IN THE FINANCIAL GROUP
ON A FULL-TIME BASIS

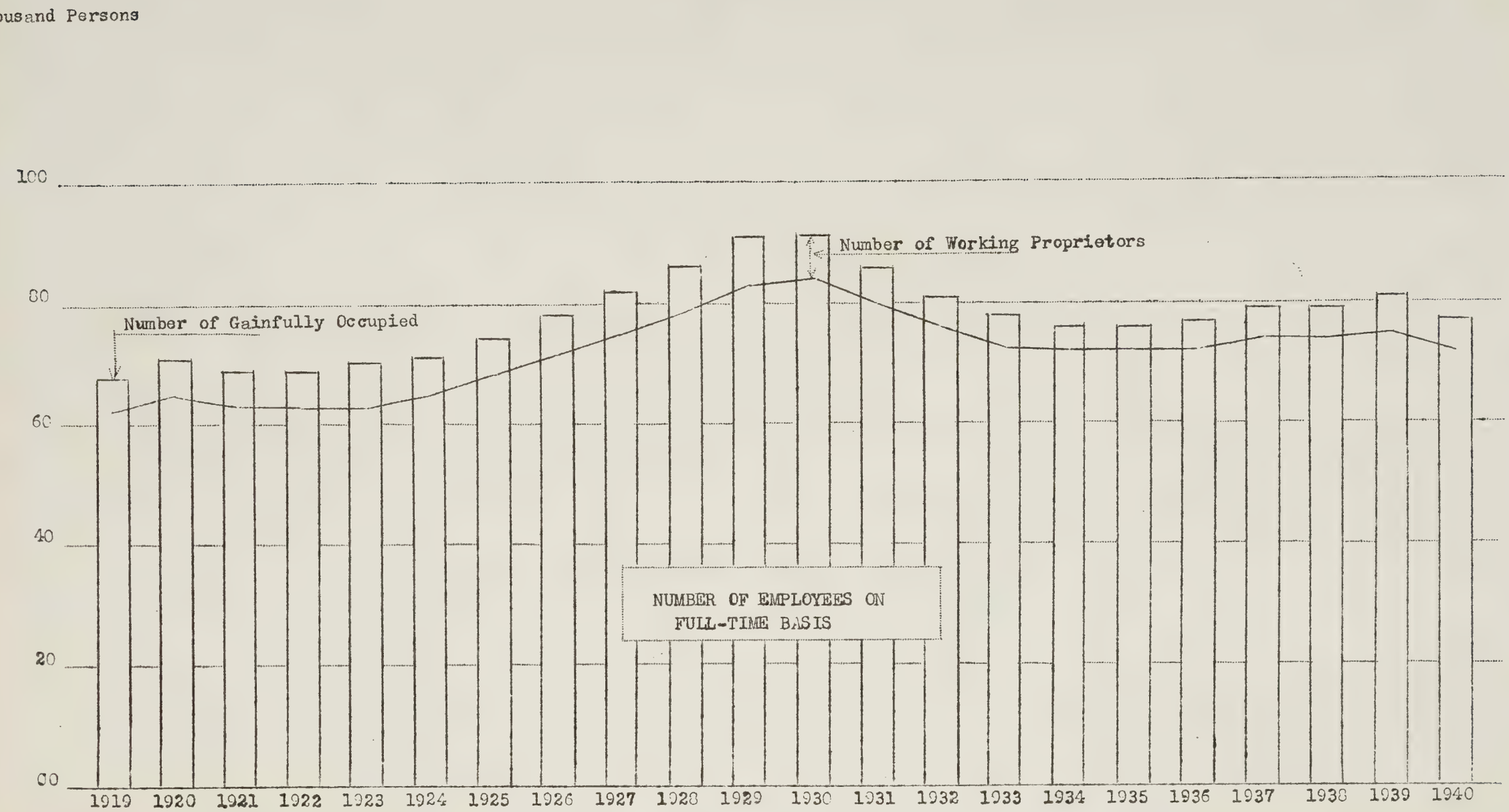
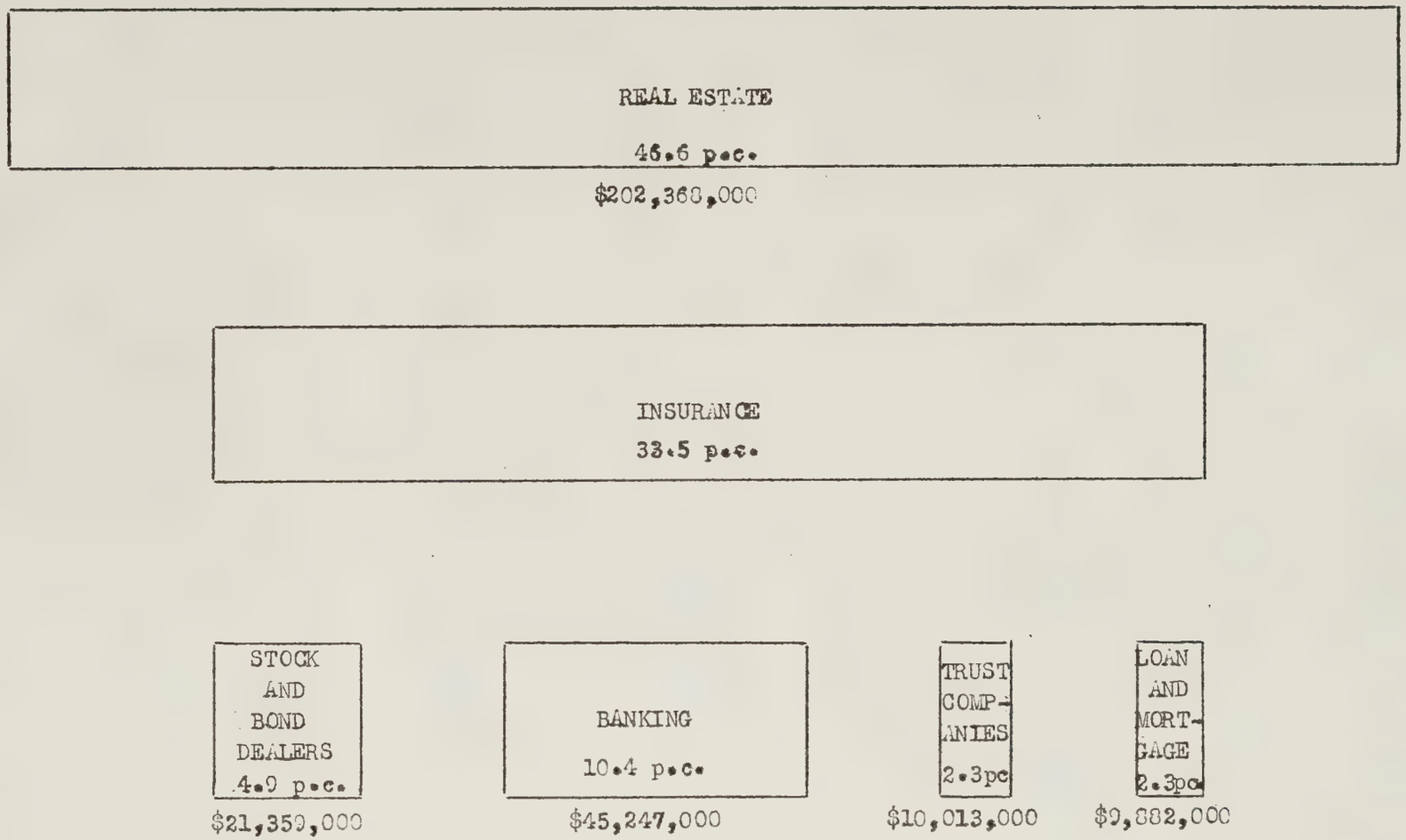


Chart 3.

RELATIVE IMPORTANCE OF SIX FINANCIAL GROUPS AS ORIGINATORS OF NATIONAL INCOME

ANNUAL AVERAGE OF INCOME ORIGINATING

1919-1940



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Minister of Trade and Commerce

DOMINION BUREAU OF STATISTICS - OTTAWA
BUSINESS STATISTICS BRANCH

Dominion Statistician: S. A. Cudmore, M.A.(Oxon.), F.S.S., F.R.S.C.
Chief, Business Statistics Branch: Sydney B. Smith, M.A.

ECONOMIC CONDITIONS IN CANADA DURING THE FIRST ELEVEN MONTHS OF 1943 COMPARED WITH THE SAME PERIOD OF 1942

Prominent factors indicating the trend of economic conditions averaged higher in 1943 than in any other year. A marked gain was recorded over the high levels of 1942. An upward trend has been shown since the first quarter of 1933 but the pace was greatly accelerated from the outbreak of hostilities in September, 1939.

Physical Volume of Business:

Business operations showed a sharp advance from the early part of 1940 to the present time. Some tendency toward tapering off was evident after May of the present year but the index continued to rise slightly even in November over the preceding month. The net result was that the index of the physical volume of business on the five year pre-war base rose from 200.5 in 1942 to 234.8, a gain of 17.1 p.c.

The index was based on five main components of which mineral and manufacturing production, electric power and distribution recorded marked gains. Owing to wartime restrictions, the construction industry was less successful in obtaining new business. The index of mineral production showed expansion although declines were shown in gold receipts at the mint and in coal production. The index of manufacturing production averaged 292.6 in the first eleven months against 240.8 in the same period of the preceding year, a gain of no less than 21.5 p.c. Marked advances were recorded in the operations of the flour milling, meat packing and tobacco industries. Recession, on the other hand, was shown in the output of newsprint and in the production of steel and iron from the high levels of 1942. The consumption of firm power, indicating the trend of operations in the electric power industry, rose 10 p.c. to 32.5 billion kilowatt hours.

Wholesale and retail sales were slightly higher in 1942. The gain in the former was 6.4 p.c. while retail sales during the ten-month period were only 3.3 p.c. greater than in 1942. Domestic exports were $2.7 billion compared with $2.1 billion in the first eleven months of 1942. A gain of $305 million was shown over the entire year of 1942. Commodity imports recorded a gain from $1,507 million to $1,600 million. The commodity trade balance in 1943 was favourable to the extent of $1,093 million compared with the active balance of $608 million in the same period of the preceding year. In addition to the balance of commodity trade, net export of non-monetary gold was $129.8 million compared with $170.5 million in the same period of the preceding year. Combined gross operating revenue of the Canadian Pacific and the Canadian National Railways in the eleven months ended November reached the unprecedented level of $671.4 million being about 2¼ times the pre-war standing in 1938 and more than 2¾ times the depression low point of 1933.

Employment:

Industrial employment generally in the Dominion during the first ten months of 1943 showed a continuance of the expansion in progress since the outbreak of war. The acceleration was, however, at a definitely lower rate than in the earlier stages of the industrial war effort, while the upward movement showed considerably more interruption than had been the case in the years from 1940 to 1942. A new maximum was reached by the index in the beginning of October. This increase, when considered with the fact that over 700,000 men and women are in the armed forces, indicates the extent of the changes which have taken place, as a result of the war, in the industrial and occupational industries of the gainfully occupied of the Dominion.

Wholesale Prices:

Wholesale prices averaged higher in 1943 than at any other time since 1926. The index passed the line of parity with the base year of 1926, rising as high as 102.4 in November. The trend of wholesale prices has been in an upward direction since the early months of 1933. The advance was greatly accelerated upon the outbreak of hostilities, having been decidedly rapid from September, 1939 to the latter part of 1941.

Since that time the advance has been more moderate but the upward trend has persisted. The index of wholesale prices averaged 99.7 during the first eleven months of 1943 against 95.6 in the same period of the preceding year, a gain of 4.3 p.c.

Common Stock Prices:

Despite the reaction subsequent to June, the index of common stock prices averaged much higher in 1943 than in the preceding year. The official index averaged 83.8 against 63.5 in the same period of 1942, a gain of no less than 32 p.c. The advance commenced in September, 1942, counterbalancing the most of the reaction subsequent to the first quarter of 1940. The trend of security prices was somewhat lower in November. The index was 79.6 in that month against 91.0 in July. Each of the groups, except beverages and communications, recorded recession compared with the standing of mid-year.

Bank Debits:

Cheques cashed by the chartered banks against individual accounts amounted to $48,946 million in the first eleven months of the year just ended against $41,332 million, a gain of 18.4 p.c. over the same period of the preceding year. The gains by economic areas were of major proportions, the increase in the Prairie Provinces having been 36 p.c. The Maritimes and Quebec recorded gains of 15.4 p.c. and 20.7 p.c., respectively. The aggregate for the province of Ontario showed a gain of 12.1 p.c. while British Columbia moved up 16.6 p.c. The high level of bank debits in 1943 reflected heavier payments on the Fourth and Fifth Victory Loans and the acceleration of economic activities.

Bank Deposits:

The deposit liabilities of the banks reached a new high point in history during 1943. The four main classes of deposits averaged $3,969 million against $3,303 million in the same period of 1942, a gain of more than 20 p.c. The upward trend in bank deposits was moderate from the early part of 1934 to mid-year, 1939. Subsequent to the outbreak of hostilities, the amount of deposits has increased sharply. Current loans were at a lower position in 1943 than in the preceding year. A gain of 31 p.c. was shown in circulating media in the hands of the public including bank notes and subsidiary coin. The average in 1943 was $744.8 million against $568.6 million in the preceding year. It was estimated that the cash and cheque payments during the eleven-month period was $67,352 million against $55,987 million, an increase of 20.3 p.c.

Dominion Finance:

The revenues of the Dominion Government during the period from April to November rose 20.4 p.c. over the same period of the preceding year. The total was $1,752 million compared with $1,455 million. The increase in the ordinary expenditures was of lesser proportions amounting to 15 p.c. The rise was from $350 million to $403 million. War expenditures, however, recorded a marked increase of 57.5 p.c. In the first eight months of the present fiscal year war expenditures were $2,243 million against $1,424 million in the same period of 1942. Payments under the United Kingdom War Financing Act of 1942 were $908.9 million in the eight months, while payments under the United Nations Mutual Aid Act in the eight months of the present fiscal year amounted to $450.5 million.

National Income:

National income, the best measure of economic welfare, was $751,520,000 in November compared with $737,146,000 in the preceding month. Having been consistently at a higher level, month by month, than in 1942, the total for the eleven months was 18.4 p.c. greater than in the same period of that year.

The production and transport of munitions and war supplies was the main generator of income in 1943. The continued rise in war expenditures enlarged the total income stream directly by a large amount. These expenditures also greatly accelerated the purchase and consumption of the necessities of life. The resulting economic activity raised the national income to the highest level in Canadian history.

Table 1. Statistics Illustrating the Economic Situation of Canada for the first Eleven Months of 1943 compared with the Same Period of Last Year.

	Unit or Base Period	First Eleven Months 1943	First Eleven Months 1942	Per cent Increase + Decrease -
General Economic Situation				
Index of Physical Volume of Business	1935-9=100	234.8	200.5	+ 17.1
Index of Industrial Production	1935-9=100	272.2	226.0	+ 20.4
Wholesale Prices	1926=100	99.7	95.6	+ 4.3
Cost of Living	1935-9=100	118.3	116.8	+ 1.3
Index of Common Stock Prices	1935-9=100	83.8	63.5	+ 32.0
Index of Bond Yields	1935-9=100	97.6	99.3	- 1.7
Bank Debits	$ 000	48,946,288	41,331,642	+ 18.4
Production and General Business				
Mineral Production	1935-9=100	287.7	219.9	+ 30.8
Gold Receipts at Mint	Fine Ozs.	3,338,205	4,251,492	- 21.5
Coal Production	Tons	16,072,962	17,093,307	- 6.0
Manufacturing Production	1935-9=100	292.6	240.8	+ 21.5
Flour Production (10 months)	Bbls.	20,125,432	16,724,160	+ 20.3
Cattle Slaughterings	No.	1,487,689	1,515,443	- 1.8
Hog Slaughterings	No.	6,206,172	5,514,614	+ 12.5
Creamery Butter Production	Lbs.	299,360,460	269,370,340	+ 11.1
Factory Cheese Production	Lbs.	155,810,117	196,260,314	- 20.6
Cigarettes released	No.	10,507,984,832	9,277,939,153	+ 13.3
Cigars released	No.	179,334,470	182,257,034	- 1.6
Leather Boots and Shoes (10 months)	Pairs	24,179,589	23,465,437	+ 3.0
Raw cotton consumption	Lbs.	166,569,224	186,140,990	- 10.5
Paper and Lumber -				
Newsprint Production	Tons	2,733,104	2,932,911	- 6.8
Iron and Steel -				
Steel Ingot Production	Short Ton	2,769,156	2,854,030	- 3.0
Pig Iron Production	Short Ton	1,621,009	1,810,633	- 10.5
Coke Production	Short Ton	3,204,775	2,999,954	+ 6.8
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Contracts awarded	$	194,114,600	271,985,200	- 28.6
Building Permits (58 Municipalities)	$	55,949,687	70,478,466	- 20.6
Consumption of firm power	000 K.W.H.	32,523,329	29,572,719	+ 10.0
Internal Trade -				
Wholesale Sales (10 months)	1935-9=100	166.4	156.4	+ 6.4
Retail Sales (10 months)	1935-9=100	152.2	147.4	+ 3.3
External Trade -				
Exports	$000	2,693,388	2,114,227	+ 27.4
Imports	$000	1,600,205	1,506,674	+ 6.2
Active Balance of Trade	$000	+1,093,183	+ 607,553	+ 79.9
Net Exports of non-monetary gold	$000,000	129.8	170.5	- 23.9
Railways - Tons carried 1 mile - (10 months) 2 Rlys.	000,000 tons	46,560	41,701	+ 11.7
Carloadings	No.	3,165,762	3,114,256	+ 1.7
Gross Revenue C.N.R. (Canadian Lines) (10 months)	$	323,765,700	270,952,000	+ 19.5
Gross Revenue C.P.R. (10 months)	$	244,044,972	211,621,000	+ 15.3
Employment - Unadjusted (11 Months' average)				
General Index	1926-100	183.5	172.5	+ 6.4
Manufacturing		225.7	205.1	+ 10.0
Logging		175.0	192.9	- 9.3
Mining		158.7	172.1	- 7.8
Construction		129.9	128.4	+ 1.2
Building		162.9	153.6	+ 6.1
Highway		134.2	143.4	- 6.4
Trade		148.0	155.3	- 4.7
Banking - (11 months' average)				
Deposits, Four Classes	$000	3,969,405	3,303,473	+ 20.2
Current Loans	$000	1,048,066	1,072,421	- 2.3
Circulating Media	$000,000	744.8	568.6	+ 31.0
Cash & Cheque Payments (11 months' Total)	$000,000	67,352	55,987	+ 20.3
Dominion Finance - April to November				
Total Revenues	$	1,752,456,427	1,455,211,039	+ 20.4
Ordinary Expenditures	$	402,952,208	349,946,816	+ 15.1
War Expenditures	$	2,242,645,240	1,424,215,824	+ 57.5
United Kingdom War Financing (1942) and United Nations Mutual Aid (1943)	$	450,476,788	908,928,634	-
National Income (Tentative Computation)	$000,000	8,072	6,818	+ 18.4

Eighteen items recorded declines, while thirty-five showed increases.

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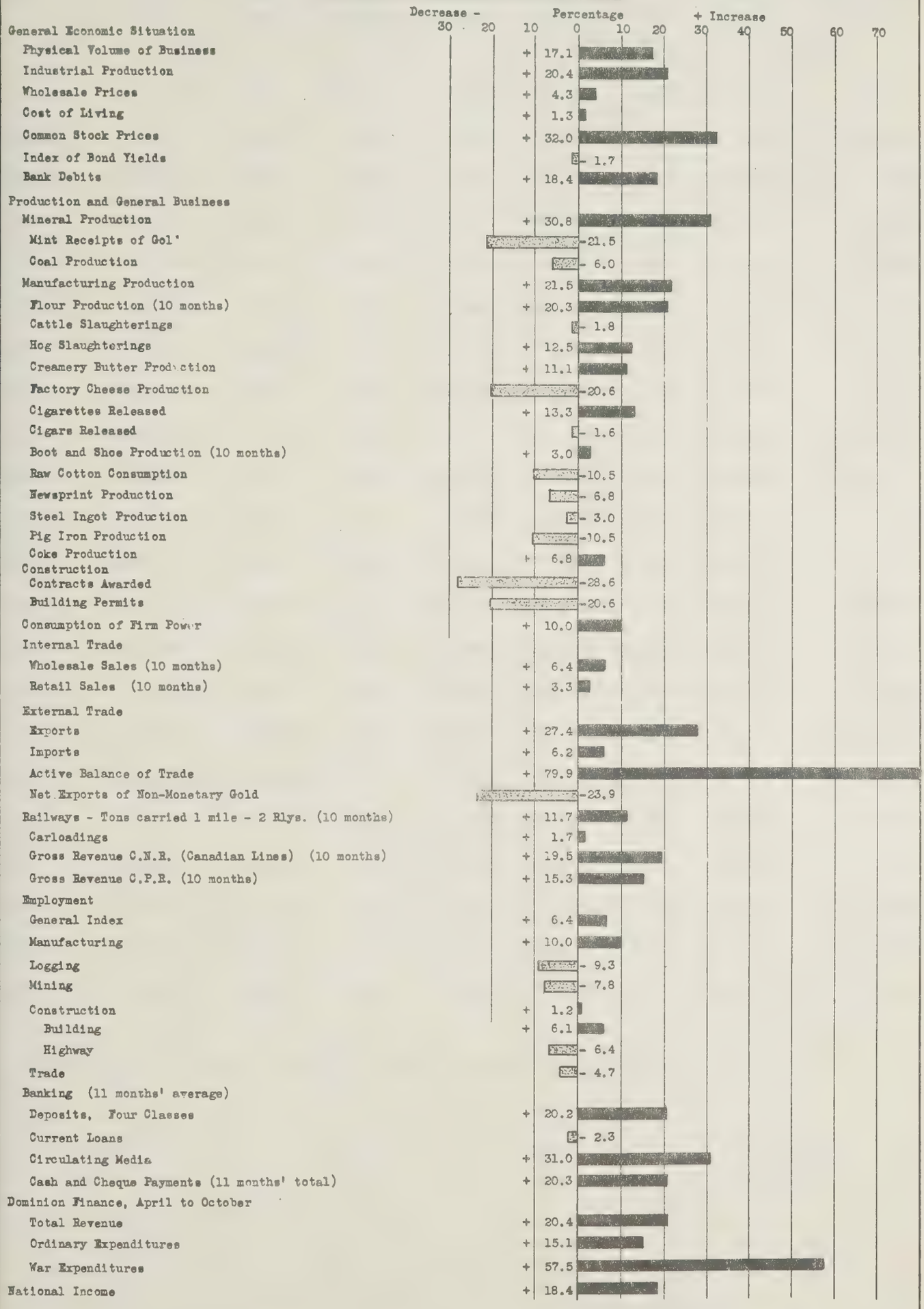
THE ECONOMIC SITUATION IN CANADA

for the first eleven months of 1943

as compared with the same period of last year



Dominion Bureau of Statistics

Eighteen items recorded decline, while thirty-five showed increase.

Table 2. Income Originating in Government, 1919 - 1940.

$ 000

Year	Income Origin-ating	Salaries and Wages	Other Labour Income	Pensions and An-nuities	Net Inter-est	Direct Relief	Payments to Indi-viduals	Positive or Negative Savings
1919	223,793	247,325	150,635	23,768	140,165	22	561,915	- 338,122
1920	448,189	194,788	12,875	37,213	163,877	869	409,622	+ 38,567
1921	403,179	183,436	10,158	37,257	165,456	1,802	398,109	+ 5,070
1922	454,709	174,708	10,453	34,836	173,430	1,088	394,515	+ 60,194
1923	451,359	175,450	12,294	35,449	175,457	371	399,021	+ 52,338
1924	413,236	173,649	13,113	37,449	176,825	500	401,536	+ 11,700
1925	456,725	182,188	13,747	39,817	171,685	451	407,888	+ 48,837
1926	489,143	184,108	14,955	40,640	172,356	473	412,532	+ 76,611
1927	518,972	195,621	16,189	42,974	172,477	538	427,799	+ 91,173
1928	561,529	210,931	17,689	46,515	169,022	481	444,638	+ 116,891
1929	554,664	223,703	22,032	47,474	167,828	673	461,710	+ 92,954
1930	453,000	240,391	22,962	60,556	172,517	3,212	499,638	- 46,638
1931	396,783	240,243	22,846	67,112	178,242	16,808	525,251	- 128,468
1932	427,060	223,545	20,723	62,496	197,225	39,379	543,368	- 116,308
1933	431,303	199,797	18,827	62,736	206,007	67,962	555,329	- 124,026
1934	453,035	217,835	21,227	66,373	208,745	80,116	594,296	- 141,261
1935	453,849	218,803	24,777	69,891	203,958	100,421	617,850	- 164,001
1936	586,330	226,737	27,791	71,902	202,972	87,163	616,565	- 30,235
1937	634,254	244,045	31,932	80,523	196,153	82,549	635,202	- 948
1938	616,981	245,182	32,193	86,790	191,432	68,602	624,199	- 7,218
1939	661,551	319,806	44,479	88,812	194,726	57,805	705,628	- 44,077
1940	981,459	480,846	86,316	89,909	205,200	41,503	903,774	+ 77,685

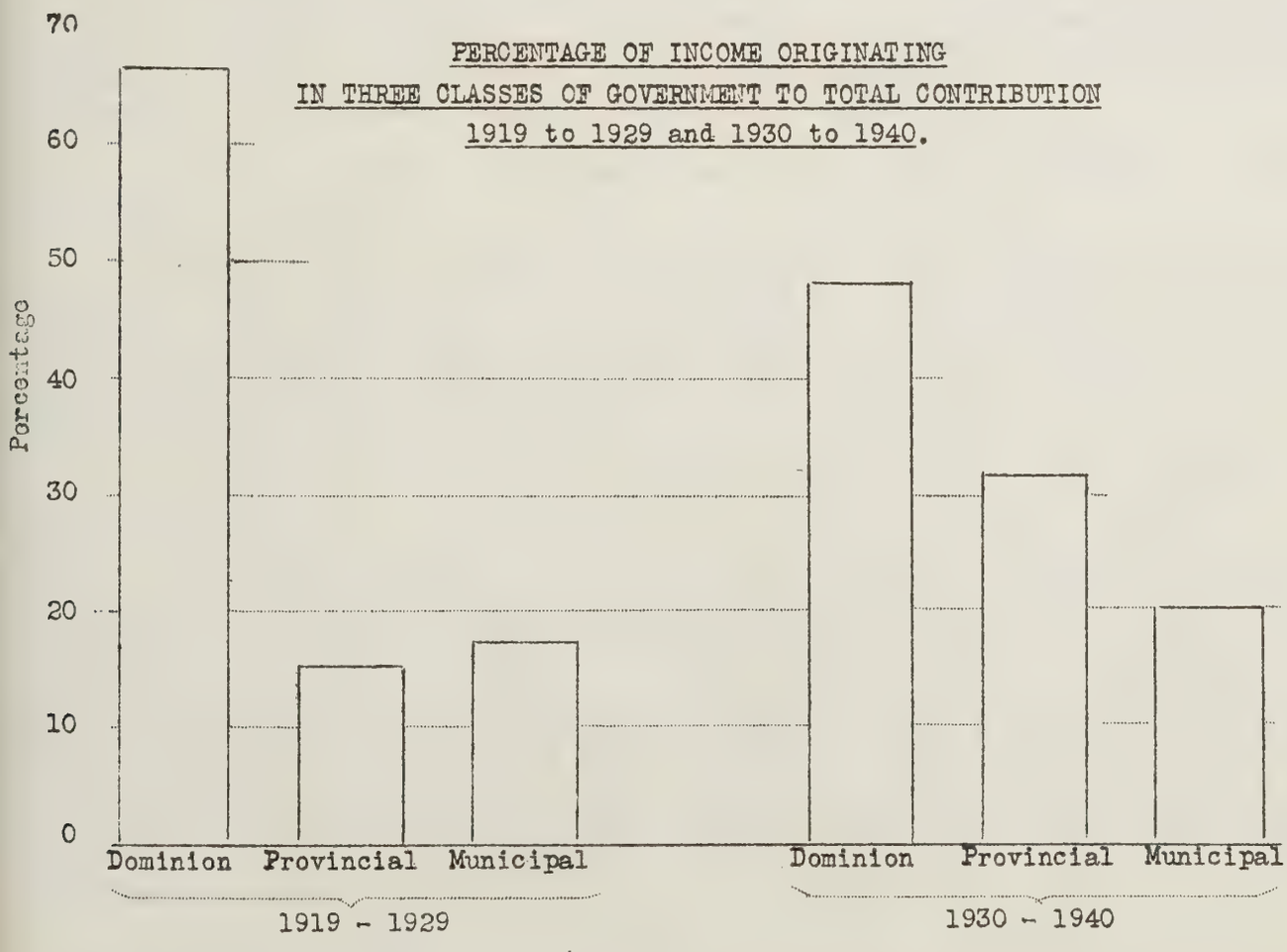
OPERATING ACCOUNTS OF GOVERNMENT

(a) The growing importance of government operations is indicated by the upward trend of the income originating in the group. The advance in the contribution of government was at a much faster pace than in the national income as a whole. The most obvious change in government during the twenty-two years under review was the familiar one of expansion. A ready measure of the magnitude of the advance may be seen in Table A. Increase was shown in the income originating during the fifteen years of the twenty-two year period from 1919 to 1940. Owing to the extraordinary expansion in the operations of the Dominion government since the outbreak of hostilities, the inclusion of more recent years in the survey would disclose an even sharper upward trend.

The operations of government follow a more independent course than any of the other main groups, the correlation between government income originating and the national income being obviously less pronounced during the period. Aside from the war years, fluctuations tended to be more moderate than in the national economy as a whole. Government operations were steadier from 1920 to 1929. The efforts to stem and alleviate the rigours of the depression were reflected in the relatively higher levels of income originating in government than in the grand total during the period from 1932 to 1934. While the increase in operations since 1919 was partly occasioned by the occurrence of depression and war, the expansion of government is a phenomenon common to all modern states.

The income originating consists of the sum of the income payments to individuals, mainly in the form of salaries, and wages, and interest and the estimated savings of the Dominion and Provincial governments.

The changing fiscal importance of each of the three levels of government is indicated by the size of income originating in each. It is evident that significant changes have occurred. During the second half of the period, the share of the provincial governments was more than 31 p.c. compared with less than 16 p.c. in the first half. As the proportion of the income originating in the municipalities rose from 17.4 p.c. to 20.4 p.c. in the same comparison, it is clear that the share of the Dominion government recorded considerable reduction. The amount of the decline in the Dominion income originating to that of the total income derived from government operations was from 66.7 p.c. in the first half of the period to 48.4 in the second half. The large relative growth of Provincial income originating from 1919 to 1940 was the result mainly of increased expenditures on highways. The coming of the automobile, compelled the construction of an entirely new and extremely expensive system of highways. A second category of growing importance was that of social welfare including relief for the poor, aged and blind.



(B) Salaries and Wages constituted the most important type of payment made by government to individuals during the period from 1919 to 1940. Interest payments, however, were slightly greater in three of the twenty-two years. Considerable variation was shown in the amount of salaries and wages paid by the four classes of government, the range having been from $173.6 million in 1924 to $480.8 million in 1940. The expanded operations of the Dominion government occasioned by the war accounted for the high level in the latter year.

Dominion Government. - Payments by the Dominion government were compiled from the reports of the Auditor General and of the government boards and commissions. Important components included payments for general administration and work projects undertaken directly by the government. The following boards and commissions were included in the survey, - Canadian Broadcasting Corporation, Canadian Farm Loan Board, Canadian Wheat Board, Federal District Commission, National Battlefields Commission and the National Harbours Board. Other payments taken into consideration were in connection with the Kings Printer's Advance account, remuneration of revenue postmasters and mail service by land conveyance and to returning officers and others assisting with the conduct of general and by-elections, sessional indemnities, and cost of living bonuses. Net pay and allowances to the armed forces stationed in Canada included clothing, personal equipment and rations. Re-establishment payments for soldiers and sailors undergoing treatment and training were computed for the period from 1919 to 1933 inclusive.

Contributions to retirement and superannuation funds and the military pension funds of the permanent force, were deducted from the gross salaries and wages enumerated above, to obtain the net salaries, wages and allowances.

Provincial Government. - The computation of the salaries and wages paid by Provincial Governments was based mainly on the ordinary and capital expenditure sections of the public accounts. Payments made for general administration and maintenance of highways and public works, sessional indemnities, and remuneration in connection with elections, constituted a large part of the salary-wage account. Special items included salaries and wages paid for administration and maintenance of colleges and schools under Provincial governments. Salaries and wages for Public Welfare administration in connection with mothers' allowances, old age and blind pensions, hospitals and health centres were also included for provinces where such expenditures were defrayed. Another component was the payment for administration of trust and special accounts, for example, in Saskatchewan - the Milk Control Board, the Fire Prevention Fund, the Kings Printer's Advance account, the Warehouse Advance account, the Saskatchewan Book Bureau, the Agricultural Aids account and the Saskatchewan Cream Grading account.

Salaries and wages on capital account for roads, bridges, buildings, etc., constructed directly by the Provincial governments were also included. Relief work, supported in part by subventions from the Dominion government on approved projects, was considered in this connection. The accounts of the eight Workmen's Compensation Boards were analyzed to obtain the amount of salareis and wages paid.

Contributions to superannuation and pension funds were deducted to obtain net salaries and wages.

Municipalities. - The salaries and wages as reported to the decennial census of 1930-31 for the fire, police, and water service and other departments were taken as indicative of the expenditures in this line by the municipalities. The earnings were raised to provide for the non-reporters and results transferred to the calendar year, 1930. Salaries and wages paid in representative cities or related data were used as extrapolating factors in formulating estimates for the remainder of the period.

External. - The payments by external governments to persons residing in Canada were estimated in consultation with the International Payments Branch.

(C) Other Labour Income. The main element in other labour income is compensation, hospitalization and pensions paid in connection with injuries by the Workmen's Compensation Boards of eight provinces. Miscellaneous items also given under this heading included gratuities, civil and war, dependants' allowances and war veterans' allowances disbursed by the Dominion government, and mothers' allowances paid in Nova Scotia, Quebec, Ontario, Manitoba, Saskatchewan, Alberta and British Columbia. A part of the Mothers' allowances, distributed in Manitoba were paid by the municipalities from 1919 to 1931, inclusive, the share being obtained by a levy since that time. One half of the payments to widowed mothers and their children in Alberta were made by the municipalities. Similar payments were shared in British Columbia during the period from 1932 to 1936.

(D) Pensions and Annuities. The Dominion government disbursed Indian annuities under Section 162 of the Indian Act. Also included was that portion paid out on government matured annuity contracts which represented interest on the money invested in the annuities account. The pensions paid by the Dominion government may be classed as civil and military. Civil pensions include all payments made from superannuation funds and pensions to retired judges, pilots and the Royal Canadian Mounted Police. Such payments to the armed forces include pensions, gratuities and grants awarded to disabled ex-members of the Canadian Expeditionary Force 1914-1918 and ex-members of the Canadian Army (Active) 1939-1940 as well as service pensions to officers and men of the Permanent Active Militia, the Royal Canadian Navy and the Permanent Active Air Force.

Civil service annuities were paid by the Provincial governments of Manitoba and British Columbia and superannuation payments were made in each of the provinces. The Saskatchewan government makes appropriations for superannuation of former officers of the government service. Special provision was made for teachers in Prince Edward Island and for teachers and inspectors in Ontario.

Old Age and Blind Pensions were paid by each of the provinces, the subventions of the Dominion government being included with the provincial disbursements. The cost of social security pensions was shared by the municipalities in Manitoba and Alberta, and in Ontario up to 1936.

(E) Net Interest on Bonds and Debentures. A part only of the bond interest paid by the three classes of Canadian government was received by individuals living in Canada. A considerable portion was paid to financial institutions such as insurance companies and banks and a large sum was paid to bond holders living abroad.

Net interest on bonds and treasury bills of the Dominion Government were computed. By an examination of the public accounts interest payments on funded debt including treasury bills were obtained. Interest receipts principally from sinking fund investments were deducted to obtain the net payments. A similar course was followed in assembling the data regarding the net interest payments of the Provincial governments. The receipt of interest was augmented in eight of the provinces by payment of interest on advances and investments in various projects in the public interest. Interest was received from the power commissions of Nova Scotia, New Brunswick, Ontario, Manitoba and Saskatchewan. Receipts are listed from railways in Nova Scotia, New Brunswick and Ontario, interest payments on the Pacific Great Eastern Railroad having been included in the railway group. The interest received on the invested funds of the Workmen's Compensation Boards was included in this connection. The Provincial governments receive interest from many other sources which, due to lack of space, cannot be enumerated.

The computation of net bond interest paid by the municipalities excludes transactions in respect to electric light and power, electric railways, hospitals, telephones and schools which are considered in connection with other groups contributing to the national income.

(F) Direct Relief. The direct relief reported for the Dominion government consisted of payments to unemployed former members of the Canadian, British and Allied forces. Large amounts appropriated for direct relief by the Dominion government since 1931 were distributed mainly through the provincial governments. Direct relief payments by the New Brunswick government were discontinued after 1936, the Dominion government contributing toward the construction of paved roads and grants-in-aid to municipalities. Payments under the rural rehabilitation scheme were added for Manitoba.

(G) Payments to Individuals consist of the sum of the five columns (B) to (F).

(H) Savings. The savings of government were estimated for the Dominion and the provinces by comparing the change in the net obligations of the governments with the change in the tangible assets. The net obligations of the government were regarded as the total debt less the sinking fund and the obligations due the government whether active or non-active. Adjustments have been made for all write-offs of assets to the Consolidated Fund.

The tangible assets are normally detailed in the balance sheets of the Public Accounts and consist principally of public buildings, canals, harbours, elevators, military stores, etc. A straight line depreciation of 2.5 p.c. was applied and the assets shown after allowance for this factor. The results were adjusted for the deficits of the Canadian National Railways and the Trans-Canada Air-Lines, which are treated under the transportation section of the National income. The profits of the Bank of Canada were included with the banking group.

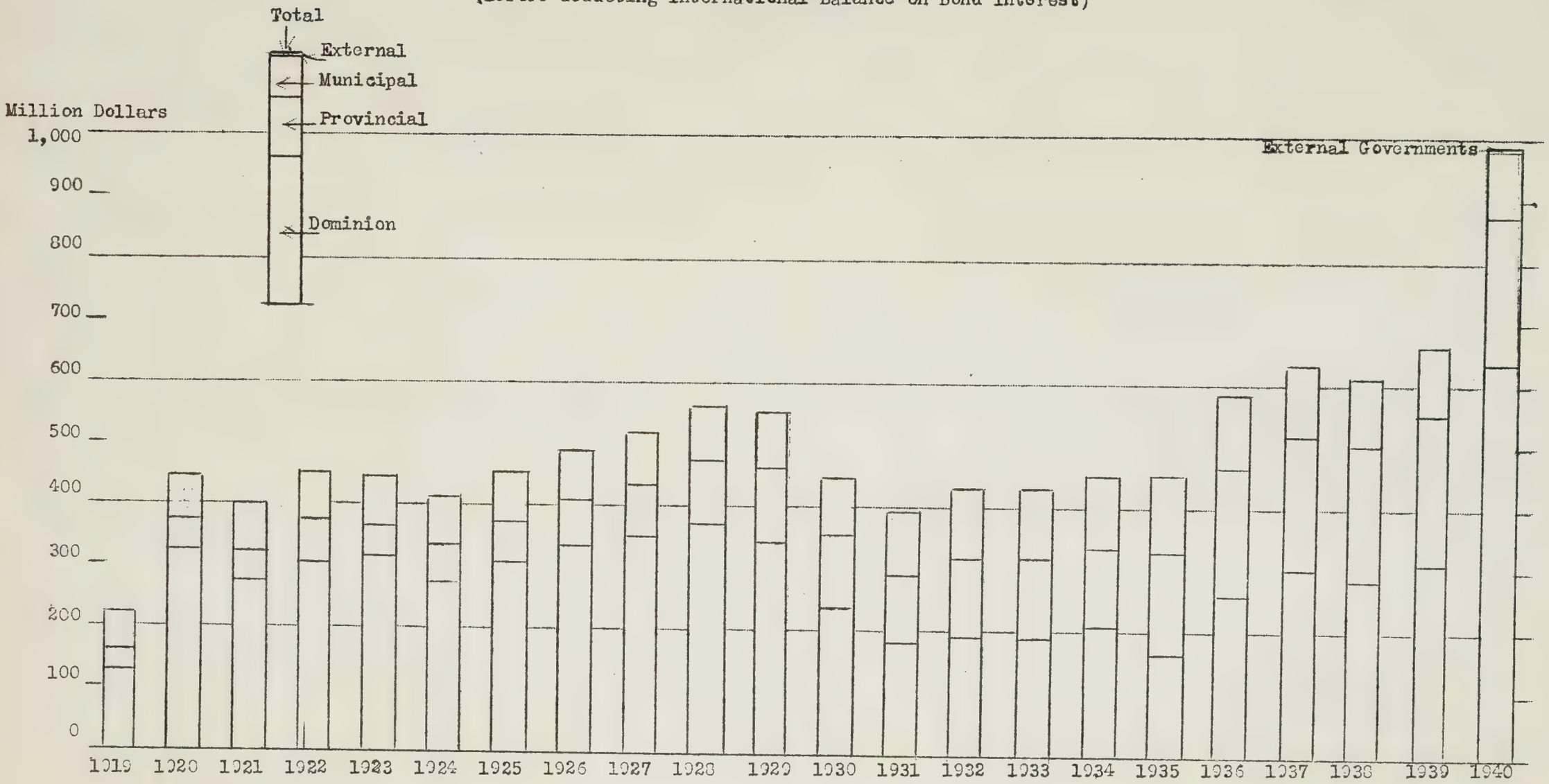
In computing the savings of Provincial governments the highways were not adjusted for depreciation. The public accounts of Quebec and Saskatchewan were presented on a cash basis in the early part of the period, necessitating the estimation of a considerable number of factors.

GOVERNMENT

INCOME ORIGINATING

1919 - 1940

(Before deducting International Balance on Bond Interest)

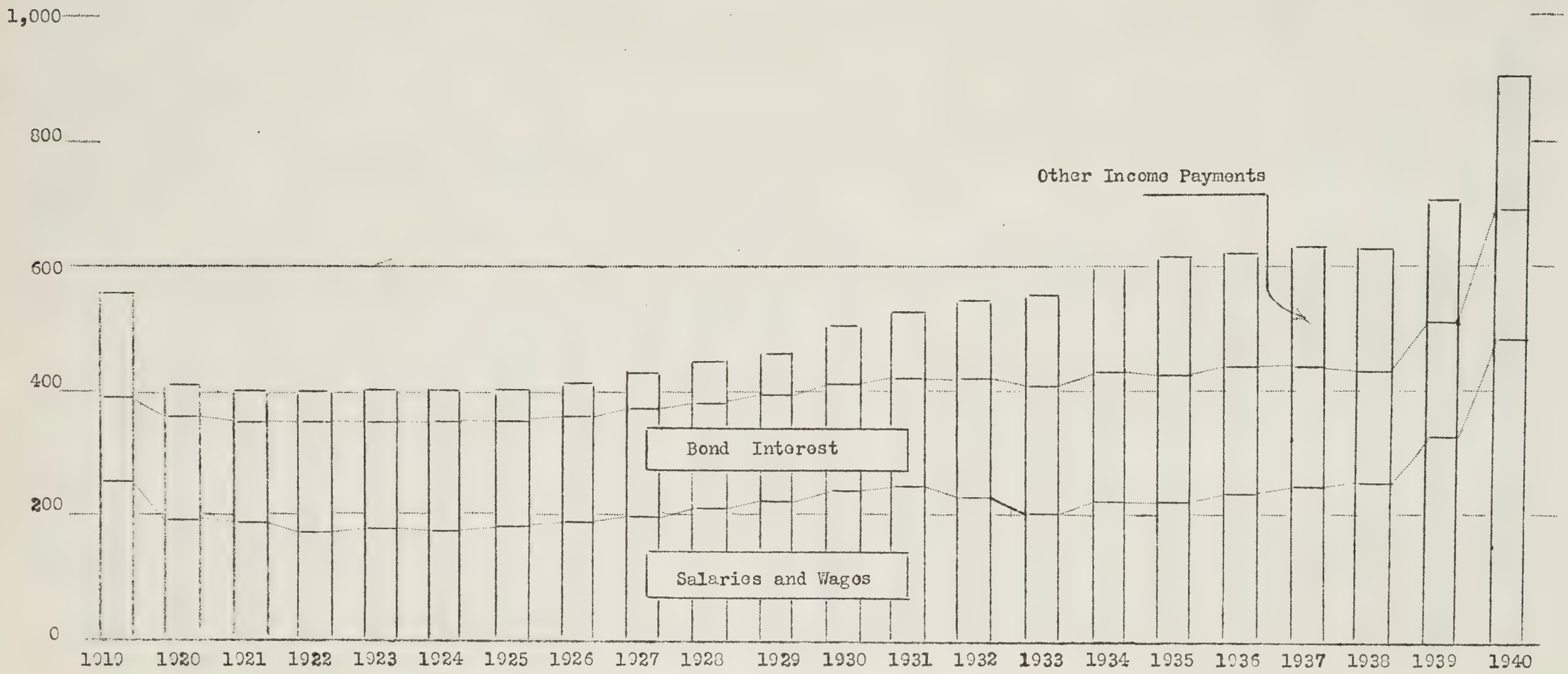


GOVERNMENT

INCOME PAYMENTS TO INDIVIDUALS

1919 - 1940

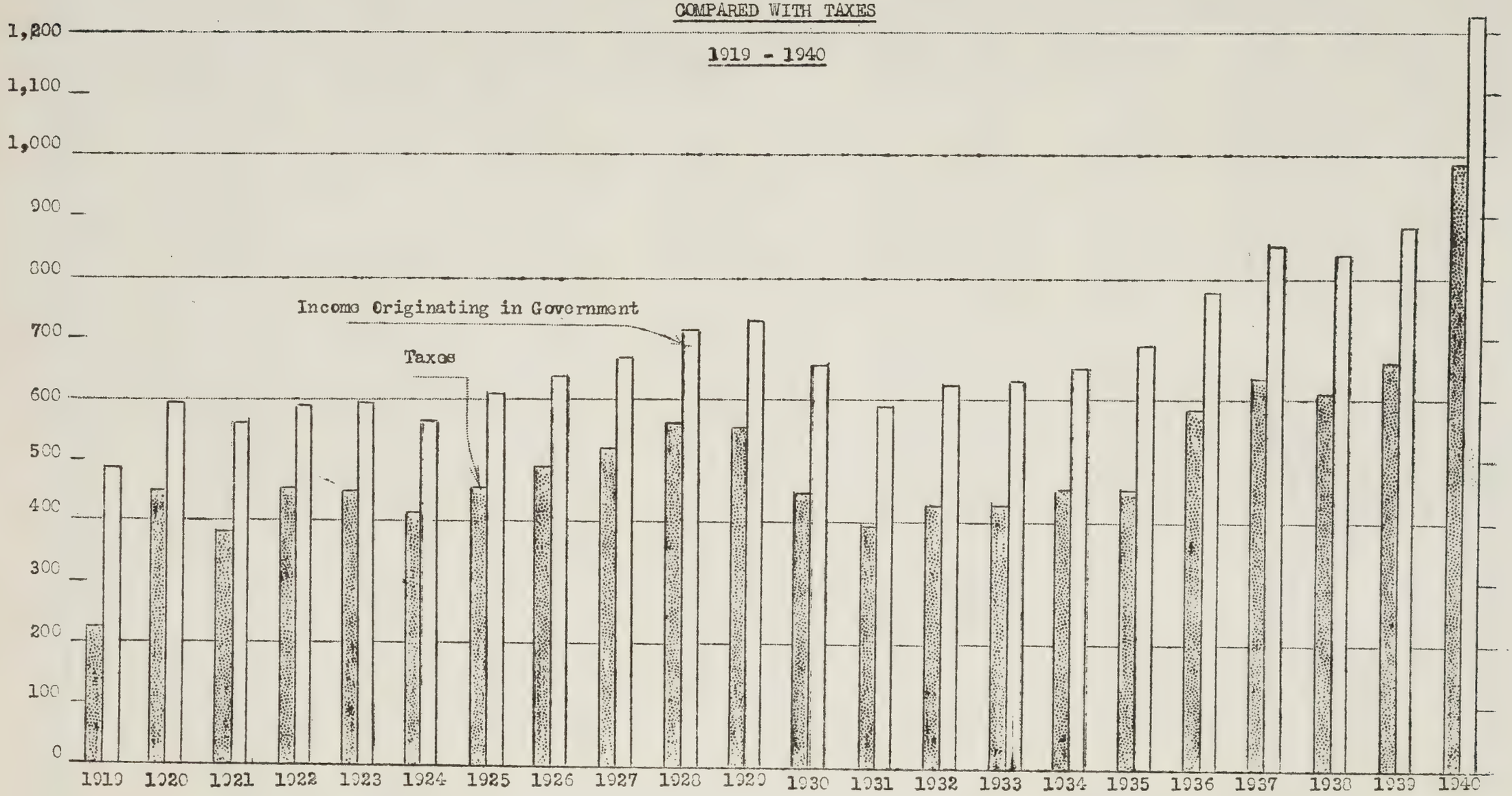
(Before Deducting International Balance on Bond Interest)



INCOME ORIGINATING IN GOVERNMENT

COMPARED WITH TAXES

1919 - 1940



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Minister of Trade and Commerce

DOMINION BUREAU OF STATISTICS - OTTAWA
BUSINESS STATISTICS BRANCH

11-D-01

Dominion Statistician: S. A. Cudmore, M.A. (Oxon.), F.S.S., F.R.S.C.
Chief, Business Statistics Branch: Sydney B. Smith, M.A.

ECONOMIC CONDITIONS IN CANADA DURING 1943 COMPARED WITH THE PRECEDING YEAR

Economic activity reached a higher level in 1943 than in any other year in Canada's history. Six strategic factors indicating the trend of economic conditions averaged higher in 1943 than in any other year. Business operations recorded a continuance of the upward trend, although the pace slackened in comparison with the rapid advance in 1941 and 1942. Owing to the heavy contribution of Canadian industry to the war effort, an extraordinary advance in productive operations has been in evidence since the outbreak of hostilities.

Bank Deposits:

The deposit liabilities of the banks rose to a particularly high level toward the end of 1943. An advance has been in progress since the early months of 1934 but the pace was greatly quickened upon the outbreak of war.

Wholesale Prices:

The upward trend in wholesale prices was persistent throughout 1943, the official index averaging higher than in any other year since 1926. Wholesale prices rose sharply in the first month of the war and a marked upward trend was in evidence until the last quarter of 1941. Since that time, the advance has been somewhat retarded but the trend continued in an upward direction. During the later months of 1943, the index passed through parity with the base year of 1926. In other words, the reaction from 1929 to 1933 was more than counterbalanced by the advance subsequent to that year.

Security Prices:

The stock markets exhibited strength from September, 1942 to July of the year under review. The advance was without important interruption and the reaction between the first quarter of 1940 and August of 1942 was counterbalanced by the advance of the ten months in question. Subsequent to July, some reaction was recorded. Trading on the stock exchanges followed a somewhat similar pattern. Dominion bond prices were steady during 1943 indicated by the maintenance of the 3 p.c. return on the theoretical Dominion bond shown from April to December.

Physical Volume of Business:

The index of the physical volume of business rose 16.7 p.c. in 1943 over the preceding year. Four of the five main components recorded advances over 1942. The index of manufacturing production rose 20.6 p.c. to a high point of 293.9 in the year under review. Flour production and hog slaughterings were at a much higher position and creamery butter production showed a gain of 9.6 p.c. The release of cigarettes was 11,257 million against 10,240 million, a gain of nearly 10 p.c.

The construction industry, owing to wartime restrictions and lack of manpower, showed a recession in 1943. The new business obtained by the industry as measured by contracts awarded and building permits was at a considerably lower level. The consumption of firm power indicating the activity of the hydro-electric industry rose nearly 10 p.c., the total consumption having been 35.7 billion kilowatt hours.

The distribution of commodities was at a higher level in the year recently ended. An index of wholesale sales on the basis of eleven months was 6.7 p.c. greater while retail sales rose 3.6 p.c. The movement of railway revenue freight rose about 12 p.c. as measured by the number of tons carried one mile by the two principal railways. The carloadings were also at a slightly higher position. The gain in the gross revenues of the Canadian National Railway for the first eleven months was 19.3 p.c. while the Canadian Pacific Railway recorded a gain of 16 p.c.

Employment:

A further expansion in employment was recorded during 1943 but the pace of expansion was less rapid than in the period from 1940 to 1942. Employment reached a new maximum in recent months. This increase when considered with the fact that a large

number of men and women are now enrolled with the armed forces reflects the extent of the changes which have taken place as a result of the war in industrial, occupational, sex and age distribution of the gainfully occupied population of the Dominion. A further noteworthy change was also indicated in the increase in the purchasing power of a great majority of wage-earners, from June 1, 1941 to the end of 1943. The contents of the weekly pay envelope of the typical person in recorded employment rose by 25 p.c. to $31.59 on the first of November. Demands associated with the war effort have reacted in varying degrees upon the industrial groups. There has been a growing concentration in the manufacturing of durable goods while the production of many lines of consumer goods has recently tended to decline.

Bank Debits:

Cheques cashed by the chartered banks against individual accounts amounted to $53,797 million compared with $45,526 million in 1942. A gain of 18.2 p.c. reflected the expansion in economic activity and the somewhat higher level of wholesale prices. Heavier payments arising from Dominion Government financing was also an important factor in the increase in bank debits during the year recently ended. The amount of cheques cashed in 1943 was greater than in any other year in Canadian history. The preceding maximum was reached in 1929 when a heavy volume of speculative trading had an important influence. Since 1924 when bank debits were first collected, three cycles may be distinguished. The first economic cycle culminated in 1929. Repeated increases in bank debits were shown from 1924 to the year in question. Marked recessions were then recorded until 1932 when the low point of the entire period of observation was reached. An intermediate cycle developed in 1936 and 1937. A considerable decline was shown in 1938 but steady advances were recorded after that year. The standing in 1942 was still below that of 1929 but the expanded total of 1943 reached a new high point during the period of observation and, consequently, it is assumed that debits were greater than in any other year.

Dominion Financing:

The revenue of the Dominion Government from April to December rose 20.4 p.c. over the same period of the preceding year. The advance was from $1,630 million to $1,962 million. The ordinary expenditures in the same comparison rose 14.6 p.c. to $452 million. A marked expansion was recorded in war expenditures which rose 69.5 p.c., the total during the period from April to December, 1943 having been $2,783 million.

National Income:

The national income in the year under review rose to a new maximum of $8,800 million. The increase over the standing of $7,500 million recorded in 1942 was no less than 17.3 p.c. The advance in the national income has continued sharply since the outbreak of hostilities. The increasing concentration upon war production was the main influence in the marked gain of the year.

The importance of capital formation as a feature of economic activity has long been recognized. The production of munitions and war supplies has a somewhat similar generating influence on the whole economy. While the investment money flow is normally far less than that arising from payment for consumption goods, the wider fluctuation of the former results in greater significance in promoting economic activity. During the war period more than $800 million was spent on hundreds of new plants and thousands of new machines. The expenditure on war production and construction under the Department of Munitions and Supply was $3,179 million last year against $2,452 million in the preceding twelve months.

From the viewpoint of a single country, an excess of exports over imports has all the characteristics of investment. Incomes earned by selling goods to residents of other countries augment the demand for home - produced goods. An increase in exports or a decrease in imports tends to add to the national income.

Exports of commodities amounted to slightly more than $3 billion in 1943, a gain of 25.8 p.c. over the total of $2,385 million during the preceding year. In the same comparison, the gain in imports was limited to 5.5 p.c., the total having been $1,735 million against $1,644 million.

Deficit financing of governments is regarded as one of the three main lines of expenditure tending to expand national income. Providing that the savings of persons or enterprises are used by government for the expansion of productive equipment or for the provision of armaments, an accelerating influence is exerted on national income. The borrowings from the public amounted to $2,346 million in the fourth year of war ended August 31, 1943 compared with $917 million in the preceding twelve months.

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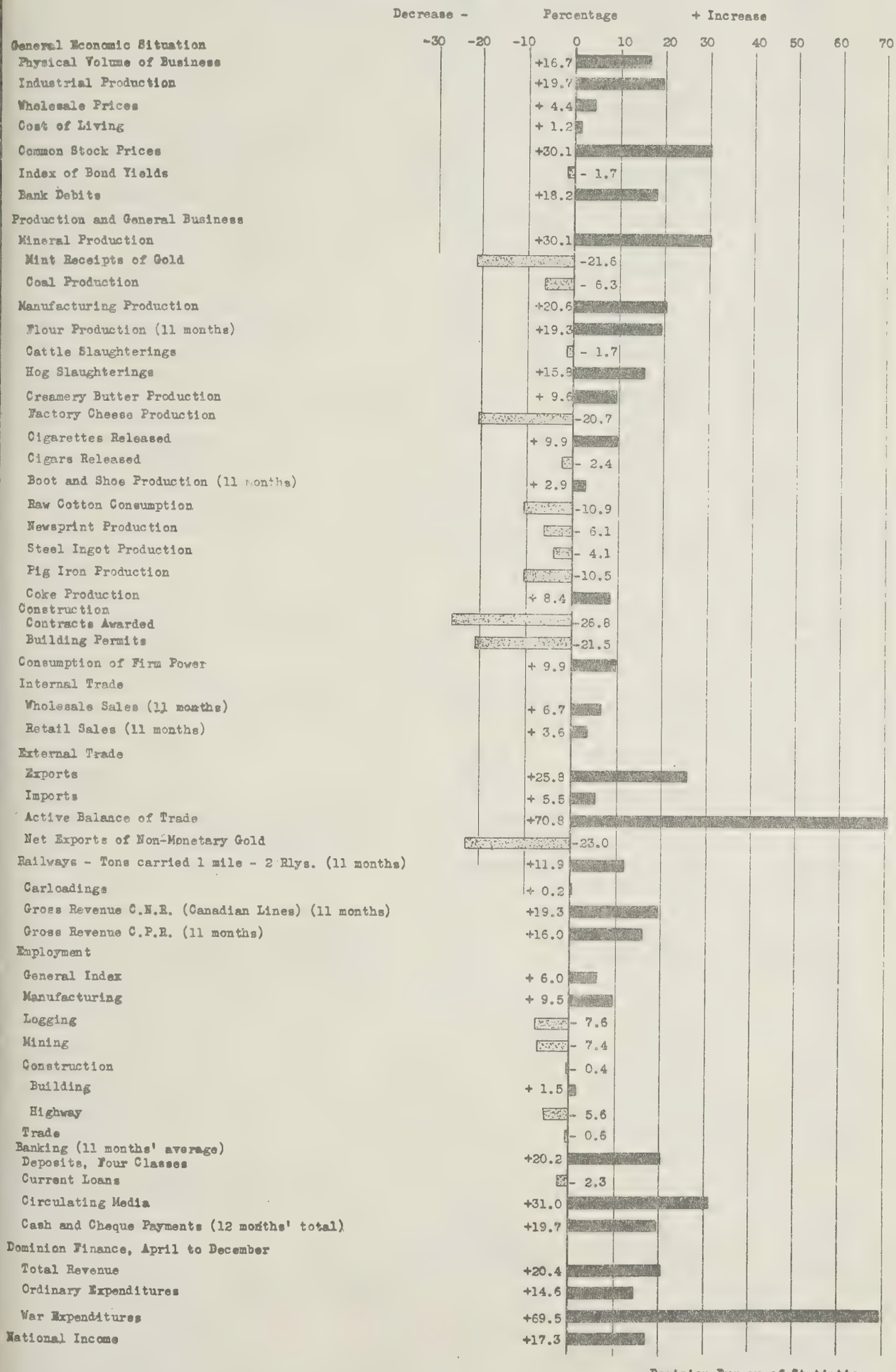
THE ECONOMIC SITUATION IN CANADA
in 1943
as compared with the Preceding Year



Nineteen items recorded decline, while thirty-four showed increases.

Table 1. Statistics Illustrating the Economic Situation of Canada in 1943 compared with the preceding year.

	Unit or Base Period	1943	1942	Per cent Increase + Decrease -
General Economic Situation				
Index of Physical Volume of Business	1935-9=100	235.9	202.2	+ 16.7
Index of Industrial Production	1935-9=100	273.0	228.0	+ 19.7
Wholesale Prices	1926=100	99.9	95.7	+ 4.4
Cost of Living	1935-9=100	118.4	117.0	+ 1.2
Index of Common Stock Prices	1935-9=100	83.5	64.2	+ 30.1
Index of Bond Yields	1935-9=100	97.6	99.3	- 1.7
Bank Debits	$ 000	53,796,716	45,526,254	+ 18.2
Production and General Business				
Mineral Production	1935-9=100	284.9	219.0	+ 30.1
Gold Receipts at Mint	Fine Ozs.	3,606,542	4,600,951	- 21.6
Coal Production	Tons	17,611,718	18,801,640	- 6.3
Manufacturing Production	1935-9=100	293.9	243.7	+ 20.6
Flour Production (11 months)	Bbls.	22,301,263	18,697,561	+ 19.3
Cattle Slaughterings	No.	1,615,719	1,643,473	- 1.7
Hog Slaughterings	No.	7,173,556	6,195,850	+ 15.8
Creamery Butter Production	Lbs.	311,730,519	284,304,822	+ 9.6
Factory Cheese Production	Lbs.	160,827,040	202,748,875	- 20.7
Cigarettes released	No.	11,256,544,006	10,239,799,529	+ 9.9
Cigars released	No.	195,902,230	200,800,319	- 2.4
Leather Boots and Shoes (11 months)	Pairs	26,560,021	25,814,982	+ 2.9
Raw cotton consumption	Lbs.	179,831,143	201,938,609	- 10.9
Paper and Lumber -				
Newsprint Production	Tons	2,982,797	3,177,102	- 6.1
Iron and Steel -				
Steel Ingot Production	Short Ton	2,996,978	3,123,864	- 4.1
Peg Iron Production	Short Ton	1,758,265	1,965,015	- 10.5
Coke Production	Short Ton	3,548,696	3,274,595	+ 8.4
Construction -				
Contracts awarded	$	206,103,900	281,594,100	- 26.8
Building Permits (58 Municipalities)	$	60,172,687	76,640,596	- 21.5
Consumption of firm power	000 K.W.H.	35,718,763	32,506,330	+ 9.9
Internal Trade -				
Wholesale Sales (11 months)	1935-9=100	166.7	156.2	+ 6.7
Retail Sales (11 months)	1935-9=100	154.3	149.0	+ 3.6
External Trade -				
Exports	$000	3,001,352	2,385,466	+ 25.8
Imports	$000	1,735,077	1,644,242	+ 5.5
Active Balance of Trade	$000	+ 1,266,275	+ 741,224	+ 70.8
Net Exports of Non-monetary gold	$000,000	142.0	184.4	- 23.0
Railways - Tons carried 1 mile - (11 months) 2 Rlys.	000,000 tons	51,844	46,313	+ 11.9
Carloadings	No.	3,393,762	3,387,147	+ 0.2
Gross Revenue C.N.R. (Canadian Lines) (11 months)	$	356,739,200	299,127,000	+ 19.3
Gross Revenue C.P.R. (11 months)	$	271,638,665	234,226,000	+ 16.0
Employment - Unadjusted (12 months' average)				
General Index	1926-100	184.1	173.7	+ 6.0
Manufacturing		226.1	206.4	+ 9.5
Logging		180.5	195.3	- 7.6
Mining		158.6	171.3	- 7.4
Construction		129.8	130.3	- 0.4
Building		160.2	157.9	+ 1.5
Highway		136.8	144.9	- 5.6
Trade		155.1	156.1	- 0.6
Banking - (11 months' average)				
Deposits, Four Classes	$000	3,969,405	3,303,473	+ 20.2
Current Loans	$000	1,048,066	1,072,421	- 2.3
Circulating Media	$000,000	744.0	568.6	+ 31.0
Cash & Cheque Payments (12 months' Total)	$000,000	73,867	61,701	+ 19.7
Dominion Finance - April to December				
Total Revenues	$	1,962,416,123	1,630,264,715	+ 20.4
Ordinary Expenditures	$	452,388,819	394,713,230	+ 14.6
War Expenditures	$	2,782,749,515	1,641,588,327	+ 69.5
United Kingdom War Financing (1942) and United Nations Mutual Aid (1943)	$	558,026,400	1,000,000,000	-
National Income (Tentative Computation)	$000,000	8,800	7,500	+ 17.3

Nineteen items recorded declines, while thirty-four showed increases.

TABLE 2. - OPERATING ACCOUNTS OF COMBINED PROFESSIONAL, EDUCATIONAL AND OTHER SERVICE GROUPS

$000

Year	Income Originating (a)	Salaries and Wages (b)	No Pay Allowances (c)	Withdrawals (d)	Pensions (e)	Net Dividends (f)	Net Interest (g)	Payments to Individuals (h)	Positive or Negative Savings (i)
1919	428,017	239,142	15,756	143,398	550	6,749	3,480	409,075	+ 18,942
1920	483,824	280,204	16,943	157,208	600	7,633	3,907	466,495	+ 17,329
1921	436,769	260,866	13,497	134,718	650	6,833	4,602	421,166	+ 15,603
1922	427,375	259,707	12,938	131,339	675	6,730	4,968	416,357	+ 11,018
1923	446,142	274,207	13,253	135,393	700	6,934	5,875	436,362	+ 9,780
1924	457,180	278,009	13,735	138,250	725	6,819	5,903	443,441	+ 13,739
1925	468,373	282,648	14,792	143,097	750	7,413	6,407	455,107	+ 13,266
1926	487,969	291,680	15,062	150,259	775	8,285	6,373	472,434	+ 15,535
1927	509,200	302,453	16,014	158,608	815	8,310	6,196	492,396	+ 16,804
1928	534,893	317,005	15,881	166,164	840	9,228	6,262	515,380	+ 19,513
1929	563,473	332,791	16,146	171,663	945	10,143	7,073	538,761	+ 24,712
1930	553,629	329,780	14,669	168,956	975	9,602	7,665	531,647	+ 21,982
1931	514,001	312,021	12,086	156,677	1,000	7,758	7,898	497,440	+ 16,561
1932	469,311	286,690	9,824	146,412	1,025	5,555	8,165	457,671	+ 11,640
1933	440,048	266,898	9,554	142,421	1,060	4,135	8,660	432,728	+ 7,320
1934	460,665	275,702	10,096	146,901	1,080	4,171	8,717	446,667	+ 13,998
1935	476,996	284,885	10,611	150,144	1,100	4,644	8,600	459,984	+ 17,012
1936	497,159	295,351	10,528	157,466	1,125	5,210	8,388	478,068	+ 19,091
1937	531,884	315,086	11,206	169,884	1,150	5,644	8,339	511,309	+ 20,575
1938	543,703	322,157	11,491	175,496	1,075	7,532	7,953	525,704	+ 17,999
1939	553,811	331,541	11,788	175,258	1,100	7,479	7,914	535,080	+ 18,731
1940	591,556	349,854	13,322	185,897	1,125	6,195	7,719	564,112	+ 27,444

(a) NOTES TO TABLE 2 AND CHARTS 2 - 4

Income Originating:

As civilization advances the tendency seems to be for manufactures, trade and service to gain in magnitude and importance. In order that there may be a supply of the finer products which the world is coming to demand, the raw materials furnished by the extractive industries are processed more and more and brought to a higher degree of refinement.

Three stages of development may be distinguished. The efforts of a new country are normally directed toward the primary industries concerned with the utilization of natural resources. In the second stage the emphasis is placed on the processing of raw materials resulting in a large measure of industrialization. Construction may also be regarded as a secondary industry undergoing expansion at this stage of the national development. The culminating phase consists in the evolution of the service activities to a prominent place in the national life. It is a commonplace that with increasing real income per capita the demand for tertiary products becomes relatively greater. With a few minor exceptions, such as international banking services, tertiary products must be produced in the country in which they are consumed. This division would include those industries engaged primarily in rendering services of transportation, communication, trade, government, finance and service in the more restricted sense. This division of industries most of the products of which are perishables,-that is, goods which cannot be stored and which are consumed in the act of production -- may be looked upon as the service group in its broadest aspects.

In this study, however, the service group is confined to a more restricted area, encompassing those activities that provide professional and personal assistance to individuals and to business enterprises. The service group defined in the limited sense, was the source of 11.4 p.c. of the national income during the period from 1919 to 1940. The annual average income created was $494 million, an upward trend having been recorded during the years in question.

(b)

Salaries and Wages.

It was estimated that the remuneration of employees in the service group averaged about $295 million per year from 1919 to 1940. An upward trend was recorded during the twenty-two years, the payments having been 8 p.c. greater in the last eleven years of the period than in the first half. Increases were shown in 15 years of the twenty from 1920 to 1940. The salaries paid for educational activities were based on returns received by the Education Branch of the Bureau, while the totals for professional and other activities were computed from decennial census reports with interpolation for intercensal years. A study was made of the numbers and rates of employees in the 1920-21 and 1930-31 periods. The non-reporters of earnings were regarded as working three-quarters as many weeks on the average as the reporters. The average earnings of the non-reporters, however, were regarded as averaging one-half of the remuneration of those for whom definite information was received. The working time was placed on a man-year basis by dividing the adjusted number of weeks worked by fifty-two, the number of weeks in a year. The resulting numbers were then divided into the adjusted earnings to obtain the per capita remuneration for the year. The fluctuations between census years was determined by the totals for a considerable number of industries for which data were available through the annual surveys of the Bureau.

The salaries and wages paid in connection with educational activities were compiled from returns received by the Education Branch. The total included the amount paid in schools, colleges and universities whether publicly or privately operated. Salaries paid in normal schools and a few other special schools directly under the Provincial governments were not included. The trend of salaries was difinitely upward during the period since the last war. The advance was interrupted from 1932 to 1934 but resumed in 1935 the temporary high point of 1931 which was only exceeded in 1940, six years having been necessary to offset the decline during the depression period.

Salaries and wages in other service activities were estimated for 1930 from the large body of data regarding nine industries made available by the decennial census and the survey of trading establishments. The industries included recreational activities, business service, barbering and beauty parlours, undertaking, photography, hotels and restaurants, domestic service, board and lodging houses and miscellaneous. An annual census of motion picture theatre is conducted while for other groups interpolation was used in estimating intercensal years. A number of the industries were circularized from 1919 to 1921 and the retail service census of 1941 was of assistance in establishing the payrolls for recent years.

The general weighted average and index of rates published by the Labour Department was used for interpolation of salaries and wages paid by the recreational group. The index of consumers' goods transferred to the base of 1930 was the interpolator for employees' remuneration in business service. The index used in connection

with the salaries and wages of employees in barbering and beauty parlours was the product of indexes of the general wage rate and of population. The salaries and wages of employees in hotels and restaurants were extended according to an average of indexes of the general wage-rate and of employment in such activities.

(c)

No Pay Allowances.

The numbers engaged as unpaid labour were estimated for each of the three service groups considered in this connection. The numbers of socalled "no pays" in these groups were reported by the decennial census for 1930-31 and considerable information is also available for 1920-21 and 1940-41. The personnel in this status class was roughly as numerous in the professional group as in the other two groups combined. The fluctuations between decennial periods in educational activities were determined by means of a smoothed index of the total numbers engaged. The rates for teachers not receiving a fixed salary were interpolated by the rate of board for males in agriculture. The numbers of "no pays" in the professional group were interpolated for intercensal years by the trend of employment in six representative industries and the rates were determined according to the same index as used for education. The numbers in this class were determined for 1930-31 from the records of the decennial census and the other years estimated by the use of a smoothed verson of the index numbers of employees. The rates of board and lodging for agricultural labour were used directly for per capita remuneration. "No pay" allowances ranged from $16,943,000 in 1920 to a low point of $9,554,000 in 1933. The recovery from the low point of the depression to the end of the period under review was about 39 p.c.

(d)

Withdrawals

The estimate of the withdrawals of professionals and service working proprietors for the ten-year periods was prepared from the returns of the decennial census. The per capita remuneration in such periods was determined by the application of several methods designed to show the margin over the wage rate. American experience, the conventional and manager methods were applied to the data regarding professionals. The differential over the wage rate established for the United States, the standing obtained by taking 100 p.c. of the wage rate for own accounts and 150 p.c. for employers and the managers rate, were averaged. The result for 1930 was $1,909 per year. The same ratio was applied for the period of 1920-21 and the intercensal periods interpolated by a smoothed version of wage rates. The conventional method and managers rates were taken into consideration in arriving at the entrepreneurial rate for educationalists mainly conducting private shhools and colleges. The median age, American experience, conventional and managers methods were used in setting the level of average remuneration for working proprietors in other service activities. The trend of service employment was used for interpolation.

(e)

Pensions

The contributions of teachers to pensions funds were deducted from the salaries and wages. The payments from the fund to teachers after retirement were regarded as a part of the investment income originating in the group. Pension plans are now implemented in each of the nine provinces.

(f) and (g)

Dividends and Interest

Dividends were estimated for the professional and "other service" groups. Dividend receipts were deducted from the payments of the public interest companies operating in the field, and an estimate made for the private interest concerns. Theatres, hotels and restaurants were the main dividend-payers in the "other service" group.

The interest received by the education group from endowments was deducted from the fixed charges on the school and college debt to obtain the net interest paid. The net interest paid by the professional and other service groups was compiled from the annual reports of companies operating in service activities. Interest on bonds and debentures outstanding for religious institutions was computed for the professional group.

(h) and (i)

Payments to Individuals

Payments to individuals are the sum of columns (b) to (g). The positive savings, applicable to the other service group only, is obtained by deducting the payments to individuals from the income originating.

Chart 2. SERVICE

Income Originating
(Before deducting International Balance
on Dividends and Interest)
1919-1940

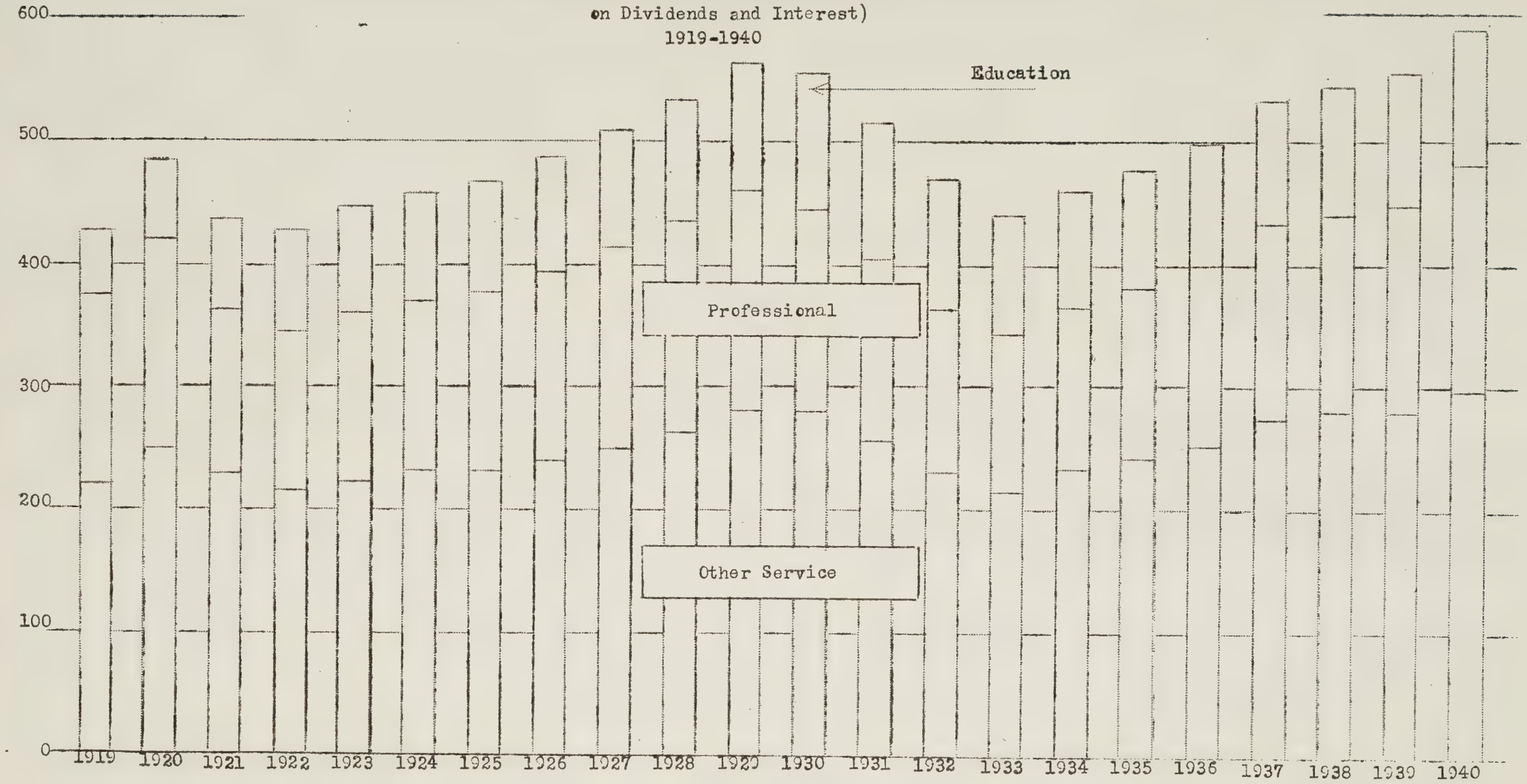


Chart 3. SERVICE

Income Payments to Individuals
(Before deducting International Balance
on Dividends and Interest)
1919-1940

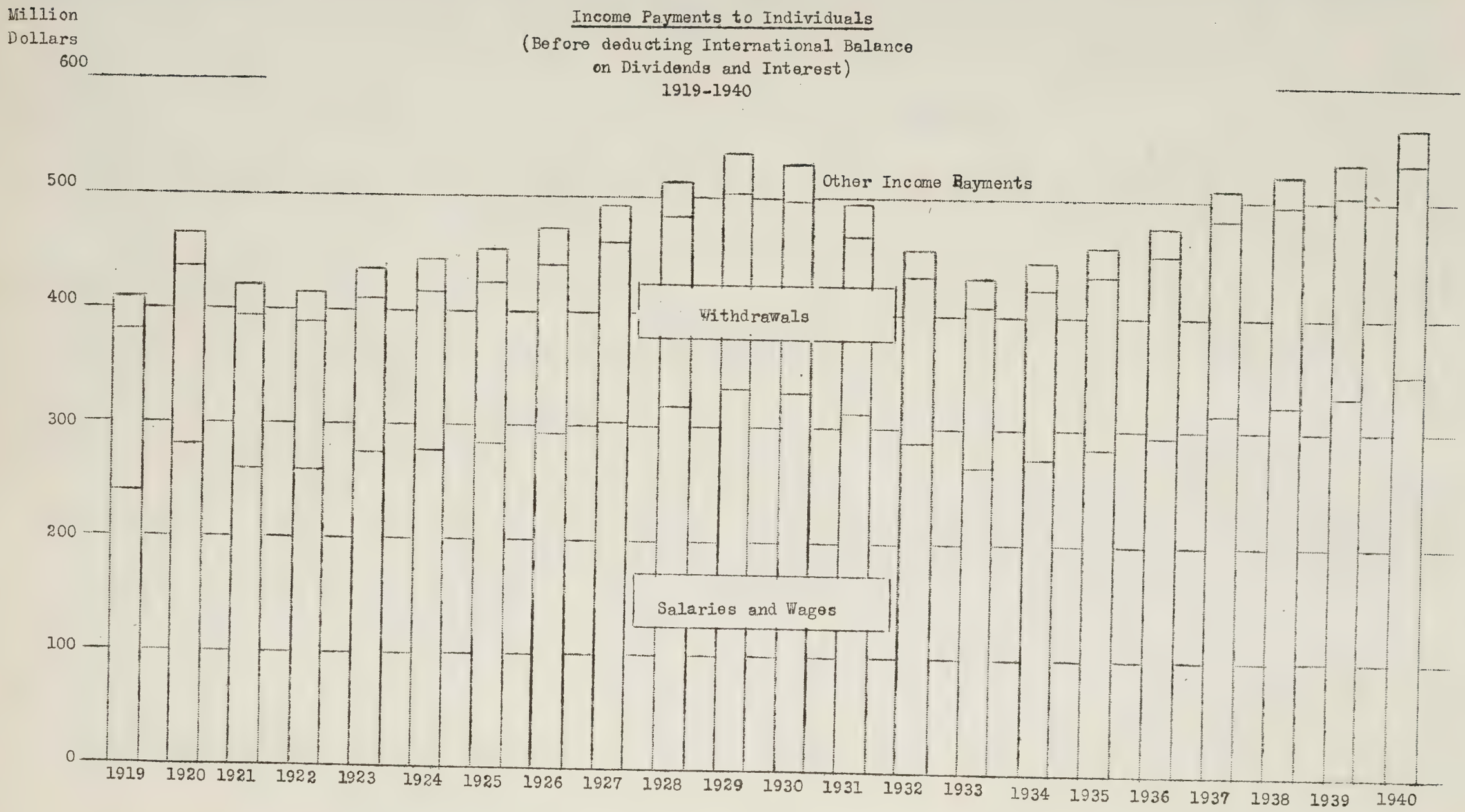
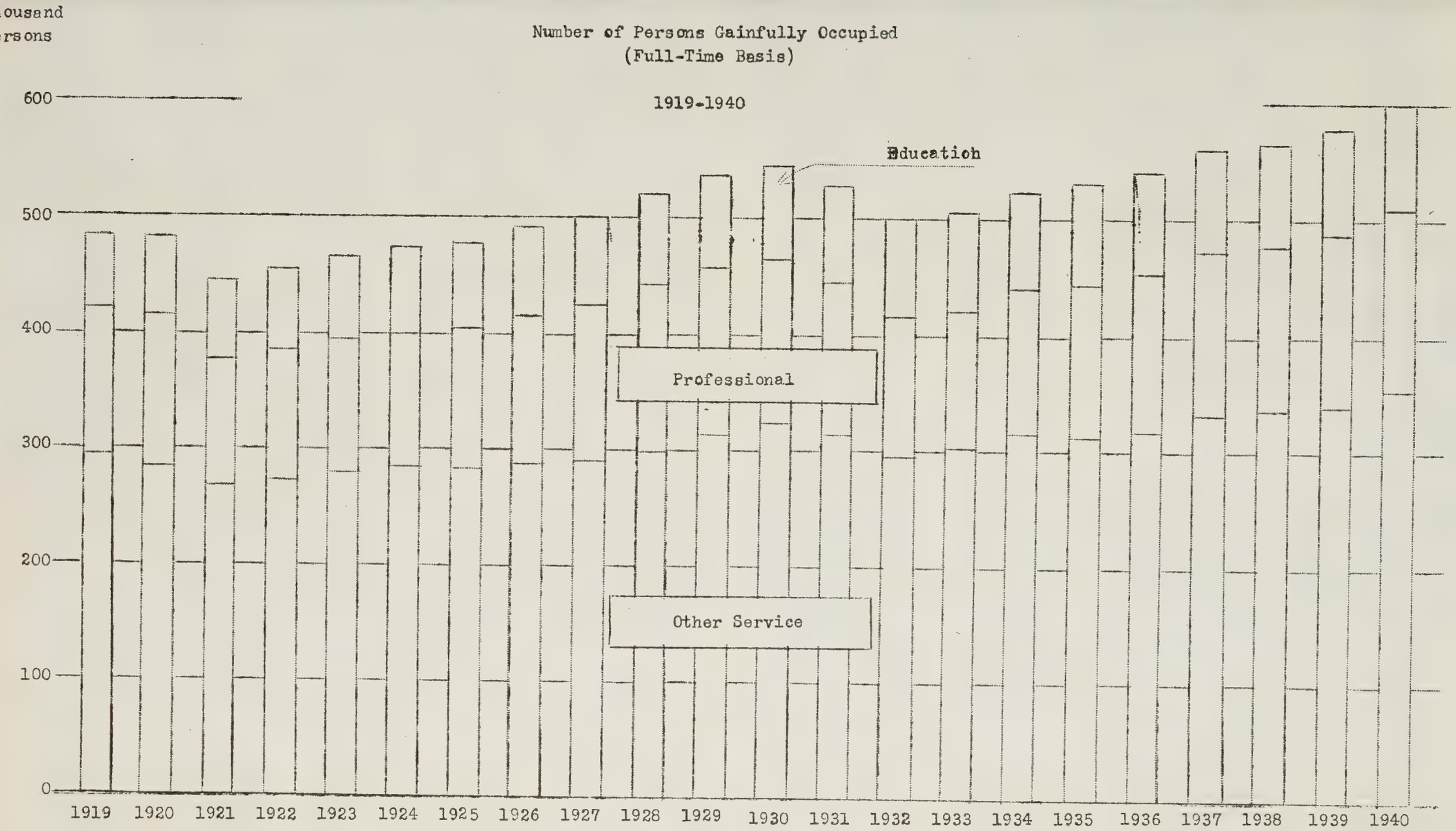


Chart 4. SERVICE

Number of Persons Gainfully Occupied
(Full-Time Basis)

1919-1940



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UNIVERSITY OF TORONTO BAROMETRICS FILE "E"

Published by Authority of the Hon. James A. MacKinnon, M.P.,
Minister of Trade and Commerce

DOMINION BUREAU OF STATISTICS - OTTAWA
BUSINESS STATISTICS BRANCH

Dominion Statistician: S. A. Cudmore, M.A. (Oxon.), F.S.S., F.R.S.C.
Chief, Business Statistics Branch: Sydney B. Smith, M.A.

ECONOMIC CONDITIONS IN CANADA IN JANUARY, 1944, COMPARED WITH THE SAME MONTH OF 1943.

The major factors indicating the trend of economic conditions recorded a marked gain in January over the same month of 1943. The trend of business operations was upward throughout the year, resulting in a very much higher level for general indexes of business and production. The index of the physical volume of business was 247 in January against 225.8 in the same month of last year, a gain of 9.4 p.c. The upward trend of business operations has been maintained since the outbreak of hostilities. Marked advances were recorded especially in 1941 and 1942 and the upward trend was continued to the end of 1943. The index of the physical volume of business reached a new high point in December and the recession in January from that position was of minor proportions.

The national income was tentatively estimated at $716 million in the first month of the year compared with $687 million in January 1943. While the standing was less than the monthly average for 1943, income was greater than in any other January. The gain over the same month of last year was 4.3 per cent. The advance from September 1939 to May 1943 was unprecedented and income since that time has been relatively well maintained at the highest level in history.

The movement of a number of important economic factors bearing on the trend of the national income confirms that the maximum level, at least for the time being, has now been reached. The tapering off of employment and aggregate payrolls is a sign of the times. Except for the possibilities of increasing total output by improving industrial efficiency and lengthening the work week the maximum level of national income is mainly determined by the full employment of the labour force. The index of general employment at the first of the year was only slightly above that of the beginning of 1943, and the gain in the sample of aggregate weekly payrolls was limited to 7.9 per cent.

The advance in the national income has been curbed in the last eight months in contrast with the movement of some of the main economic generators. The production of steel indicating the trend in the manufacture of munitions and in capital formation rose 17 per cent in January over the same month last year. The advance in exports was nearly 38 per cent to about $246 million in the same comparison. The excess of Dominion expenditures over revenues was $69.5 million in January against $15.6 million in the same month last year. The money supply, consisting of the four main classes of deposit liabilities and the circulating media in the hands of the public, rose about 24 per cent to $5,108 million at the end of January.

The marked expansion in the export trade during the last twelve months is indicated by the rise of nearly 38 p.c. in the total for January. The total was about $246 million as compared with $178.5 million in the same month of 1943. War production reached its main objectives in the last twelve months and the export trade reflected the movement of the munitions and war supplies to the main theatres of war. The expansion during the last twelve months has resulted mainly from increased war production.

The phase of full employment having been practically reached, the general index of employment at the beginning of the year was 185.7 compared with 183.7, an advance of only two points over the standing on the same date of 1943. Minor advances were shown in manufacturing, logging and trade in the same comparison. Gains, however, were in part offset by declines in mining construction and other groups.

While the advance in wholesale prices was of a moderate character during the last two years, the trend was definitely upward. A marked advance had taken place between August 1939 and the latter part of 1941. The index on the base of 1926 crossed the line of parity in an upward direction in the latter part of 1943, the standing in January having been 102.5. This level compares with 97.1 in January 1943, a gain of 5.6 p.c.

The increase in the deposit liabilities of the banks was one of the significant factors in the twelve-month period under review. The total at the end of January was $4,273,000,000 compared with $3,494,000,000 on the same date of last year. The increase in the deposit liabilities, constituting the greater part of the money supply in Canada, rose 22.3 p.c. during the twelve months. The advance in bank deposits has been in evidence since the early part of 1934.

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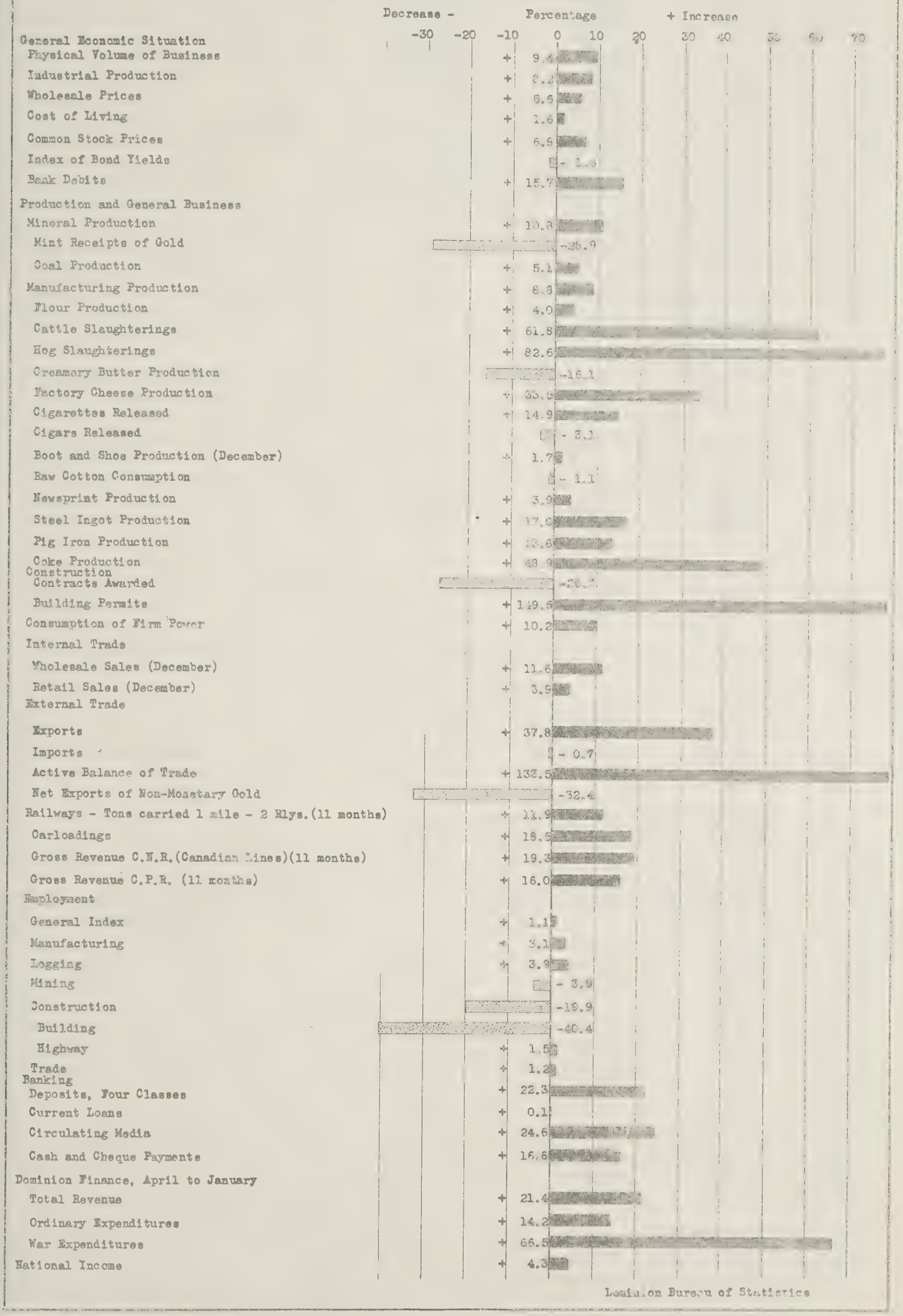
Minister of Trade and Commerce

THE ECONOMIC SITUATION IN CANADA

for January, 1944

as compared with the same month of last year



Eleven items recorded decline, while forty-two showed increases.

Table 1. Statistics Illustrating the Economic Situation of Canada for January 1944, compared with the same month of last year.

	Unit or Base Period	1944	1943	Per cent Increase + Decrease -
General Economic Situation				
Index of Physical Volume of Business	1935-9=100	247.0	225.8	+ 9.4
Index of Industrial Production	1935-9=100	275.4	254.6	+ 8.2
Wholesale Prices	1926=100	102.5	97.1	+ 5.6
Cost of Living	1935-9=100	119.0	117.1	+ 1.6
Index of Common Stock Prices	1935-9=100	81.5	76.3	+ 6.8
Index of Bond Yields	1935-9=100	97.3	98.8	- 1.5
Bank Debits	$ 000	4,512,474	3,899,628	+ 15.7
Production and General Business				
Mineral Production	1935-9=100	249.7	225.3	+ 10.8
Gold Receipts at Mint	Fine Ozs.	256,414	360,755	- 28.9
Coal Production	Tons	1,620,669	1,542,236	+ 5.1
Manufacturing Production	1935-9=100	303.5	279.0	+ 8.8
Flour Production	Bbls.	2,041,193	1,963,042	+ 4.0
Cattle Slaughterings	No.	116,974	72,292	+ 61.8
Hog Slaughterings	No.	941,037	515,319	+ 82.6
Creamery Butter Production	Lbs.	11,037,290	13,148,818	- 16.1
Factory Cheese Production	Lbs.	2,817,608	2,110,351	+ 33.5
Cigarettes released	No.	1,001,683,627	872,108,674	+ 14.9
Cigars released	No.	15,013,856	15,187,912	- 3.1
Leather Boots and Shoes (December)	Pairs	2,257,889	2,219,774	+ 1.7
Raw cotton consumption	Lbs.	14,217,550	14,374,572	- 1.1
Paper and Lumber -				
Newsprint Production	Tons	242,658	233,544	+ 3.9
Iron and Steel -				
Steel Ingot Production	Short Ton	242,186	207,008	+ 17.0
Pig Iron Production	Short Ton	132,128	116,327	+ 13.6
Coke Production	Short Ton	345,392	232,036	+ 48.9
Construction -				
Contracts awarded	$	8,782,400	11,984,300	- 26.7
Building Permits (58 Municipalities)	$	4,244,165	1,701,393	+149.5
Consumption of firm power	000 K.W.H.	3,187,482	2,893,080	+ 10.2
Internal Trade -				
Wholesale Sales (December)	1935-9=100	165.6	148.4	+ 11.6
Retail Sales (December)	1935-9=100	221.7	213.4	+ 3.9
External Trade -				
Exports	$000	245,990	178,535	+ 37.8
Imports	$000	126,369	127,299	- 0.7
Active Balance of Trade	$000	+ 119,621	+ 51,236	+133.5
Net Exports of Non-monetary gold	$000,000	9.4	13.9	- 32.4
Railways - Tons carried 1 mile - (11 months) 2 Rlys.	000,000 tons	51,844	46,313	+ 11.9
Carloadings	No.	281,200	237,263	+ 18.5
Gross Revenue C.N.R. (Canadian Lines) (11 months)	$	356,739,200	299,127,000	+ 19.3
Gross Revenue C.P.R. (11 months)	$	271,638,665	234,226,000	+ 16.0
Employment - Unadjusted				
General Index	1926=100	185.7	183.7	+ 1.1
Manufacturing		226.4	219.6	+ 3.1
Logging		260.7	250.8	+ 3.9
Mining		156.1	162.4	- 3.9
Construction		105.8	132.1	- 19.9
Building		113.8	190.9	- 40.4
Highway		119.3	117.5	+ 1.5
Trade		172.0	169.9	+ 1.2
Banking -				
Deposits, Four Classes	$000	4,272,877	3,494,394	+ 22.3
Current Loans	$000	1,037,239	1,036,224	+ 0.1
Circulating Media	$000,000	849.2	681.5	+ 24.6
Cash & Cheque Payments	$000,000	6,224	5,340	+ 16.6
Dominion Finance - April to January				
Total Revenues	$	2,241,966,137	1,846,613,733	+ 21.4
Ordinary Expenditures	$	501,580,073	439,029,241	+ 14.2
War Expenditures	$	3,039,643,625	1,825,431,402	+ 66.5
United Kingdom War Financing (1942) and United Nations Mutual Aid (1943)	$	587,575,261	1,000,000,000	-
National Income (Tentative Computation)	$000,000	716	687	+ 4.3

Eleven items recorded declines, while forty-two showed increases.

NATIONAL INCOME

Canada's national income, being a composite of volume and price, is the best measure of economic fluctuations since the end of the last war. The total, due largely to inflated prices, reached a high level of nearly $4,600,000,000 in 1920 and fell off nearly 24 p.c. during the following year. The recovery was practically continuous until 1929, when a maximum of $5,273,000,000 was recorded. The low point of the depression was experienced in 1933 when the national income, expressed in dollars, was only 52 p.c. of the total for 1929. The temporary setback of 1938 interrupted the subsequent advance which was markedly accelerated during the war years. The total in 1942 was $7,500,000,000 compared with $6,500,000,000 in the preceding year. An increase of about $1,300,000,000 dollars was estimated for the year just ended.

The income of the Canadian people is the net value of goods produced and services rendered. In making the computation the goods and services are taken at market prices. The income is produced for the benefit of people living in Canada, the payment of dividends and bond interest to the external holders of Canadian securities being consequently eliminated. Deduction is made for the cost of maintaining and replacing the plant and equipment employed in production. The income received by individuals is either expended for consumers' goods or invested for the expansion of capital equipment. Individuals are normally paid by cheque or cash for their share in the productive process. Income, however, indirectly consists of the goods and services purchased by means of such payments.

The most important non-market goods entering into the computation of national income are the value of home-produced food consumed on the farms and an estimate of net rents on owner-occupied houses. The net rentals paid for tenant-occupied dwellings are used as a guide in estimating the rates for the homes occupied by owners. The work of housewives, being classed as a non-market service is excluded from the national income. Payment for non-productive and illegal pursuits such as gambling and robbery are disregarded. Capital gains and losses, charity, gifts and direct relief payments are not included.

The economic activities of Canada for the sake of convenience, are classified into about thirty industrial and service groups. From the gross operating revenue of enterprises available for a considerable number of groups is deducted the cost of materials, fuel and purchased electricity. The overhead expenses paid for services rendered by other enterprises are deducted and provision made for the maintenance of plant and equipment by depreciation charges. The remainder is regarded as the income originating in the group.

The national income may also be estimated by adding the savings of enterprises and payments to individuals participating in productive activities. Employees contribute their labour, receiving salaries and wages. Working proprietors co-operate with their labour, management and ownership. Shareholders and owners of bonds receive dividends and interest in return for supplying capital either as speculators or investors. The positive or negative savings of enterprises are also important components.

An alternative approach is based on the fact that the essential purpose of income is for the satisfaction of the needs of the recipient. Account is taken of the flow of commodities and services to consumers at the price paid for the finished product. The ultimate disposal of goods, whether in response to consumers' outlay or the building and maintenance of plant and equipment, constitutes the core of the inquiry. The expenditure for services to the individual is added, neglecting the expenditure for the benefit of productive enterprise.

Primary production, including processing activities closely associated with forestry, fisheries and mining, accounted for 25.3 p.c. of the income originating during the period from 1919 to 1940. Secondary production, including construction, manufactures, n.e.s., and custom and repair, was in second place with 19.9 p.c. Trade occupied third position accounting for 12 p.c. while service, government, transportation and finance followed in the order named.

The main flow of money is from productive enterprise to individuals, received in return for participation in the productive process. Amounting to nearly 58 p.c. of the total, remuneration of employees in the form of salaries and wages was the chief income payment during the period. Providing living allowances of so-called "unpaid labour" and other labour income are added, the employees' share would be raised to 61 p.c. The withdrawals of working proprietors, mainly farmers, retailers and professionals, constituted nearly one-quarter of the total in the twenty-two years. Investment income, embracing dividends, interest, rents and other returns from credit instruments, was placed at 14.6 p.c. of total income payments.

A - NATIONAL INCOME OF CANADA AND THE UNITED STATES
1919 - 1943

Year	Canada					United States		
	National Income							
	Amount $000	Index Number 1935-1939=100	Population 000	National Income per Capita $	National Income per Gainfully Occupied $	National Income $000,000	Population 000	National Income Per Capita $
	(a)	(b)	(c)	(d) (a ÷ c)	(e)	(f)	(g)	(h)
1919	3,816,113	93.5	8,311	459	1,219	65,904	105,003	628
1920	4,597,853	112.6	8,556	537	1,403	76,385	106,543	717
1921	3,507,220	85.9	8,788	399	1,144	60,304	108,208	557
1922	3,670,975	89.9	8,919	412	1,177	61,513	109,873	560
1923	3,847,059	94.2	9,010	427	1,209	72,912	111,537	654
1924	3,865,446	94.7	9,143	423	1,224	73,380	113,202	648
1925	4,238,980	103.8	9,294	456	1,320	77,845	114,867	678
1926	4,507,335	110.4	9,451	477	1,359	82,802	116,532	711
1927	4,738,360	116.1	9,636	492	1,371	81,397	118,197	689
1928	5,269,467	129.1	9,835	536	1,455	83,396	119,862	696
1929	5,272,619	129.2	10,029	526	1,410	83,326	121,526	686
1930	4,452,419	109.1	10,208	436	1,200	68,858	123,077	559
1931	3,579,535	87.7	10,376	345	1,037	54,479	124,039	439
1932	2,812,905	68.9	10,506	268	875	39,963	124,840	320
1933	2,722,504	66.7	10,681	755	868	42,322	125,578	337
1934	3,147,164	77.1	10,824	291	976	49,455	126,373	391
1935	3,371,254	82.6	10,935	308	1,014	55,719	127,249	438
1936	3,827,255	93.8	11,028	347	1,116	64,924	128,052	507
1937	4,367,704	107.0	11,120	393	1,217	71,513	128,823	555
1938	4,291,158	105.1	11,209	383	1,207	64,200	129,823	495
1939	4,553,662	111.5	11,315	402	1,242	70,829	130,828	541
1940	5,404,154	132.4	11,422	473	1,356	77,809	131,970	590
1941 p	6,500,000	159.2	11,507	565	1,489	95,618	133,203	718
1942 p	7,500,000	183.7	11,645	644	1,636	119,791	134,656	890
1943 p	8,800,000	215.6	11,812	745	-	-	-	1,082

p Preliminary.

B - PERCENTAGE ANALYSIS OF YEAR TO YEAR CHANGES IN NATIONAL INCOME AND RELATED SERIES IN CANADA AND THE UNITED STATES, 1919 - 1943.

	Percentage Change from Preceding Year.							
	Canada				United States			
Year	National Income	Income Payments	Number of Gainfully Occupied	Salaries & Wages	National Income	Income Payments	Number of Gainfully Occupied	Salaries & Wages
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)
1919	-	-	-	-	-	-	-	-
1920	+ 20.5	+ 11.9	+ 4.7	+ 16.8	+ 15.9	+ 16.1	+ 1.0	+ 18.0
1921	- 23.7	- 14.7	- 6.4	- 16.1	- 21.1	- 16.7	- 9.2	- 19.4
1922	+ 4.7	- 2.6	+ 1.8	- 3.0	+ 2.0	+ 4.6	+ 4.2	+ 4.2
1923	+ 4.8	+ 4.8	+ 2.0	+ 7.1	+ 18.5	+ 13.7	+ 7.3	+ 17.4
1924	+ 0.5	- 0.8	- 0.8	- 1.7	+ 0.6	+ 1.8	- 0.5	-
1925	+ 9.7	+ 2.2	+ 1.7	+ 2.8	+ 6.1	+ 4.2	+ 1.7	+ 4.0
1926	+ 6.3	+ 6.6	+ 3.3	+ 7.6	+ 6.4	+ 4.2	+ 3.5	+ 6.7
1927	+ 5.1	+ 5.0	+ 4.2	+ 6.1	- 1.7	+ 1.4	+ 0.3	+ 0.8
1928	+ 11.2	+ 6.8	+ 4.8	+ 7.5	+ 2.5	+ 2.4	+ 0.6	+ 1.9
1929	+ 0.1	+ 3.1	+ 3.2	+ 4.6	+ 5.3	+ 5.7	+ 4.1	+ 5.8
1930	- 15.6	- 3.9	- 0.8	- 6.4	- 17.4	- 7.2	- 4.8	- 9.3
1931	- 19.6	- 10.7	- 6.9	- 12.8	- 20.9	- 15.0	- 7.9	- 16.0
1932	- 21.4	- 14.9	- 6.8	- 16.6	- 26.6	- 20.0	- 8.6	- 22.5
1933	- 3.2	- 8.8	- 2.5	- 8.9	+ 5.9	- 6.6	+ 0.1	- 7.5
1934	+ 15.6	+ 3.8	+ 2.8	+ 7.5	+ 16.9	+ 10.5	+ 6.9	+ 13.6
1935	+ 7.1	+ 6.9	+ 3.1	+ 7.8	+ 12.7	+ 7.9	+ 3.3	+ 9.3
1936	+ 13.5	+ 5.3	+ 3.2	+ 7.2	+ 16.5	+ 10.7	+ 5.1	+ 12.2
1937	+ 14.1	+ 11.0	+ 4.7	+ 12.5	+ 10.1	+ 9.0	+ 4.7	+ 12.6
1938	- 1.8	+ 1.3	- 1.0	+ 0.9	- 10.2	- 7.2	- 5.5	- 8.5
1939	+ 6.1	+ 5.1	+ 3.1	+ 6.1	+ 10.3	+ 9.1	-	+ 7.4
1940	+ 18.7	+ 13.8	+ 8.7	+ 18.3	+ 9.9	+ 8.0	-	+ 10.1
1941 p	+ 20.3	+ 18.8	+ 9.6	+ 23.7	+ 22.9	+ 20.6	-	+ 25.1
1942 p	+ 15.4	+ 20.7	+ 5.0	+ 26.1	+ 25.3	+ 25.2	-	+ 31.9
1943 p	+ 17.3	-	-	-	+ 22.9	+ 22.9	-	-

p Preliminary.

C. - ESTIMATE OF GROSS NATIONAL PRODUCT OF CANADA
From 1919 to 1943.

$000

Year	National Income (a)	International Balance on Dividends & Interest (b)	Depreciation Charges (c)	Gross National Product (d) (a)+(b)+(c)
1919	3,816,113	174,300	508,077	4,498,490
1920	4,597,853	171,800	552,490	5,322,143
1921	3,507,220	191,000	537,923	4,236,143
1922	3,670,975	191,200	526,707	4,388,882
1923	3,847,059	212,000	542,190	4,601,249
1924	3,865,446	201,700	555,915	4,623,061
1925	4,238,980	209,600	572,077	5,020,657
1926	4,507,335	217,700	574,783	5,299,818
1927	4,738,360	226,500	603,441	5,568,301
1928	5,269,467	235,300	643,717	6,148,484
1929	5,272,619	271,900	676,460	6,220,979
1930	4,452,419	306,800	681,004	5,440,223
1931	3,579,535	293,300	658,321	4,529,156
1932	2,812,905	275,300	620,336	3,708,541
1933	2,722,504	240,500	616,486	3,579,490
1934	3,147,164	239,600	619,877	4,006,641
1935	3,371,254	239,700	617,685	4,228,639
1936	3,827,255	265,800	635,897	4,728,952
1937	4,367,704	260,000	652,636	5,280,340
1938	4,291,158	278,000	657,658	5,226,816
1939	4,553,662	280,000	665,335	5,498,997
1940	5,404,154	285,000	693,868	6,383,022
1941 p	6,500,000	256,000	829,919	7,585,919
1942 p	7,500,000	241,000	953,578	8,694,578
1943 p	8,800,000	240,000	1,100,000	10,140,000

p Preliminary.

NOTES TO TABLES RELATING TO NATIONAL INCOME AND ALLIED SERIES

Table A

(a) The national income of Canada is computed by an analysis of the operating accounts of about thirty industrial and service groups, comprising the economic activities of the country. The income originating in each group is obtained by

(i) the summation of the income payments to individuals consisting of occupational and investment remuneration plus the undistributed profits of enterprises, and by

(ii) deducting the cost of materials, overhead expenses, and depreciation charges from the gross operating revenues of different groups.

(b) The index numbers of national income were obtained by dividing (a) by the annual average of the national income for the period from 1935 to 1939.

(c) The intercensal population of Canada, was computed by the Social Analysis Branch of the Bureau by using life tables, the record of births and the age and sex structure of the population as compiled for census years 1921, 1931 and 1941.

(d) The national income per capita is the quotient obtained by dividing the money income (a) by the population (c).

(e) The number of the gainfully occupied in Canada was computed year by year as a step in arriving at the occupational income payments to individuals. The number of employees was available for a large number of groups through the annual census work of the Bureau. The decennial census periodically furnishes comprehensive information regarding the number of working proprietors and of so-called unpaid labour. The numbers were interpolated group by group for intercensal periods and the results added for the three status classes. The national income (a) was divided by the number of gainfully occupied to give (e).

(f) Statistics of national income of the United States from 1919 - 1928 are taken from "National Income and Its Composition, 1919 - 1938" page 310, Table 43 and during 1929 to 1942 from the "Survey of Current Business" March, 1943, page 22, Table 14.

(g) and (h) The population of the United States for the period 1919 to 1940 was taken from the Statistical Abstract of the United States, 1941, page 11, Table 13. The per capita income was obtained by dividing national income (f) by the population (g).

Table B

Percentage Analysis of Year to Year Changes in National Income and Allied Series in Canada and the United States, 1919 - 1943

(a) The percentage change in the national income of Canada was obtained by dividing the total for each year by that of the preceding year and multiplying by 100. The original results are given in Table A, Column (a).

(b) Income payments were given in the May number of the Monthly Review for last year. The name signifies payments to individuals in the form of salaries and wages, no pay allowances, other labour income and direct relief, withdrawals of working proprietors, net dividends and interest, pensions, interest on savings deposits, interest from insurance and annuity contracts, mortgage interest, net rentals on residential property, paid and imputed, and net rentals to individuals on commercial property.

(d) Salaries and wages were computed for each of the thirty industrial and service groups of the Canadian economy. The annual census in varied lines conducted by the Bureau was the main source of information. For government and financial groups, a compilation was made from public and company accounts. The decennial census was valuable in furnishing totals for the 1920-21 and 1930-31 periods for the remaining groups. Interpolation was effected by means of appropriate indexes or other relevant data. The indexes of employment and wage rates were of value in this connection.

The numbers employed and average rates of remuneration were computed for each of the groups, the product being regarded as the remuneration. The totals were given in the "Monthly Review" of last May, page 6, Table A, Column (a).

(e) The percentage changes from year to year were computed on the basis of national income of the United States as given in Table A, Column (f).

(f) The underlying data during 1919 to 1938 are as given in Table 61, page 330, of "National Income and its Composition, 1919 - 1938". For the years 1939 to 1941, the totals were as published in the "Survey of Current Business", page 27 of March, 1943.

(g) The number of gainfully occupied upon which the percentage analysis is based, were taken from pages 346-7, Table 69, of "National Income and its Composition, 1919 - 1938".

(h) Salaries and wages paid in the United States for the period 1919 - 1928 were taken from page 332, Table 62 of the "National Income and its Composition 1919 - 1938". The remaining data were as published in the "Survey of Current Business, page 22, Table 15 for March, 1943 and later issues.

Table C

Estimate of the Gross National Product of Canada, from 1919 to 1943.

(b) The international balance on dividends and interest constitutes an additional payment made by enterprises producing goods and services. It is immaterial to a company, in a sense, as to whether dividends and bond interest are paid to an internal or an external holder of their securities. Such payments must be considered in accounting for the operations of the enterprise. The statistics were furnished by the International Payments Branch of the Bureau.

(c) A study was made of the fixed capital and depreciation in each of the thirty groups. The data were either compiled from company and public accounts or the amount of depreciation computed by applying a standard rate to fixed capital as reported by annual census branches.

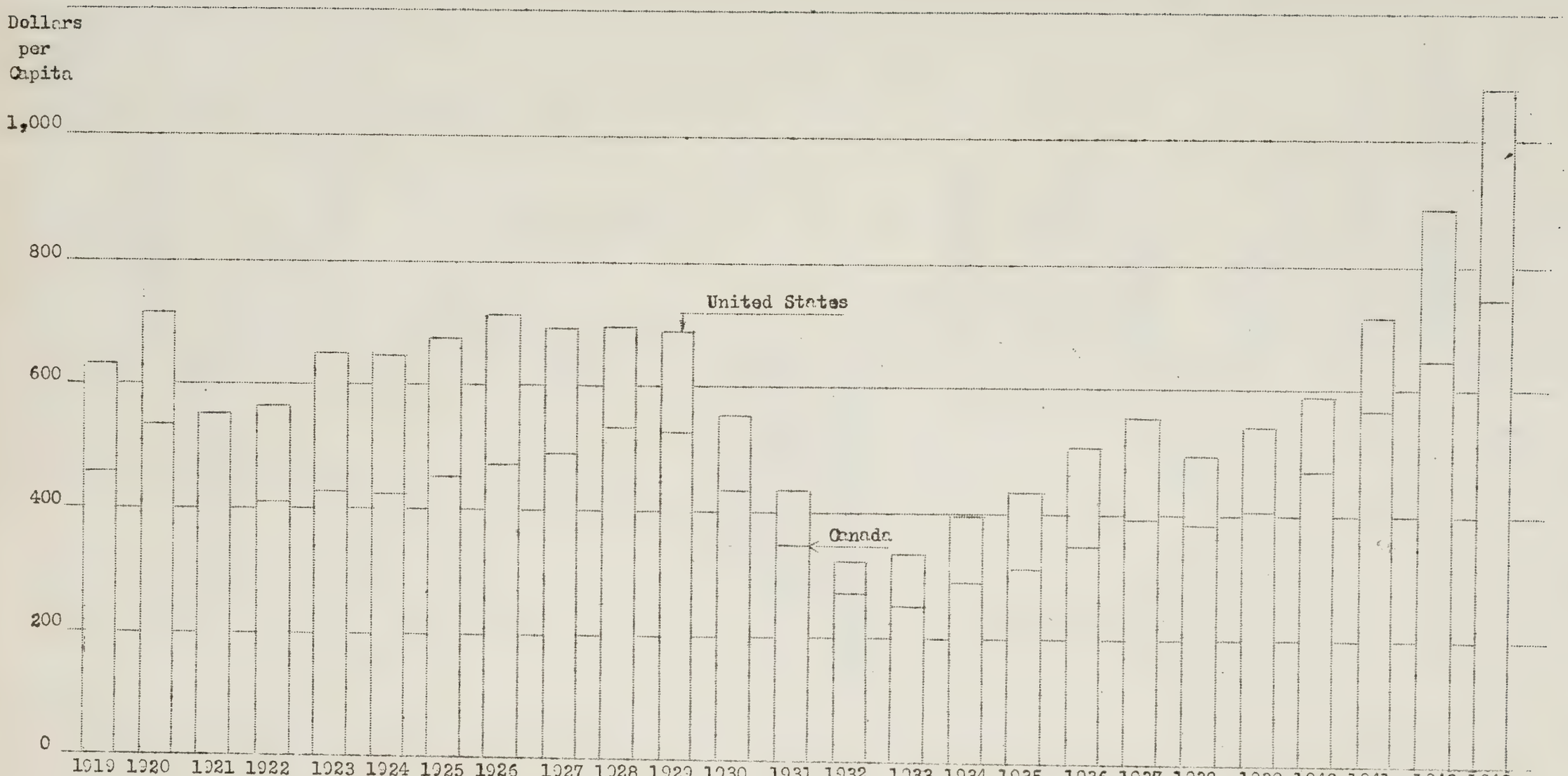
(d) The gross national product is here taken as the sum of national income, the international balance on dividends and interest and depreciation charges. A lower level was obtained by this method than by separating governmental operations as given on page 26 of the "Monthly Review" for April, 1943.

Charts A, B and C present in graphic form some of the results given in the accompanying tables.

A. PER CAPITA NATIONAL INCOME

CANADA AND THE UNITED STATES

1919 - 1943



NOTE. The lower section of the bar represents the per capita income of Canada and the whole bar that of the United States.

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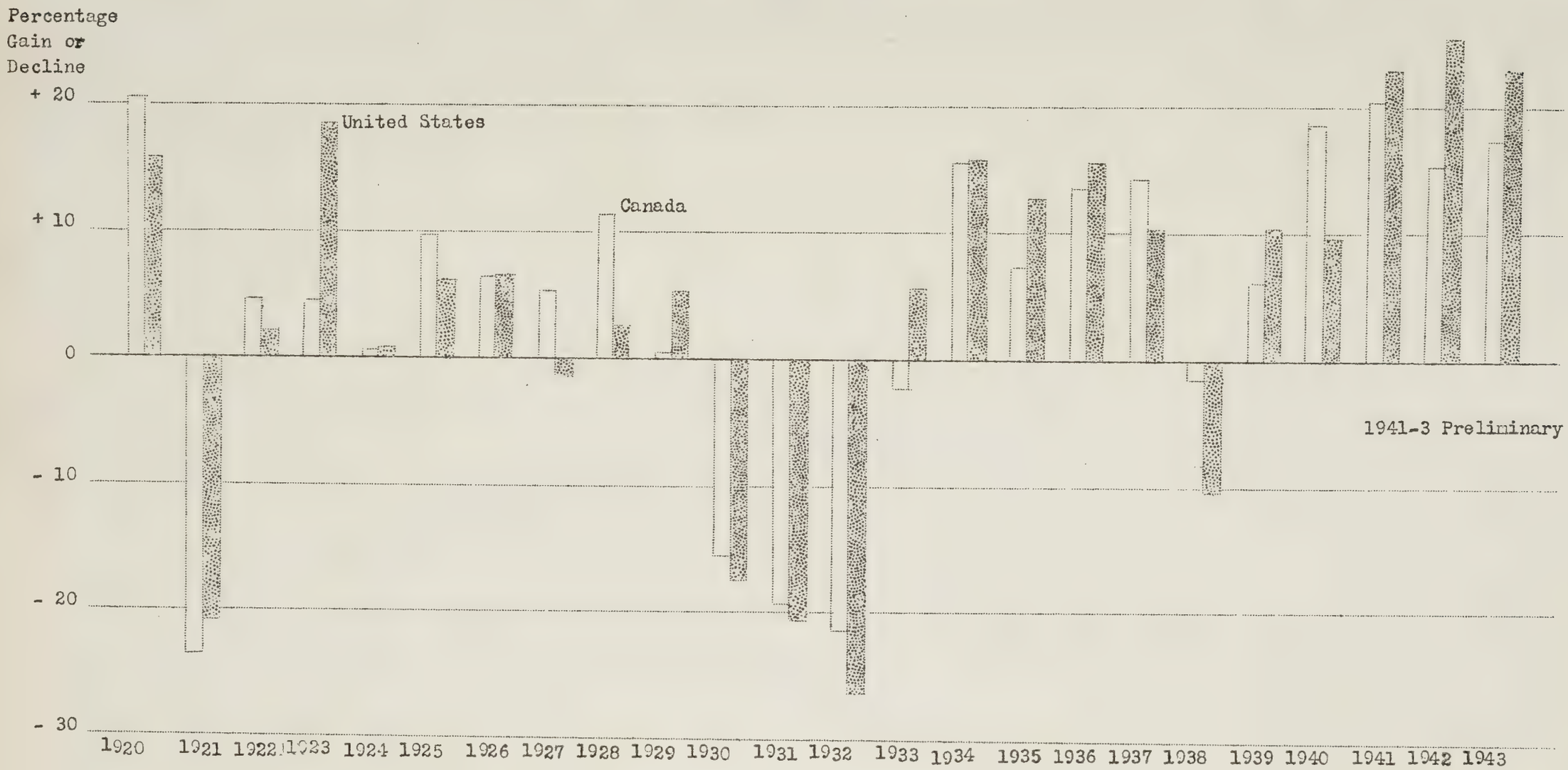
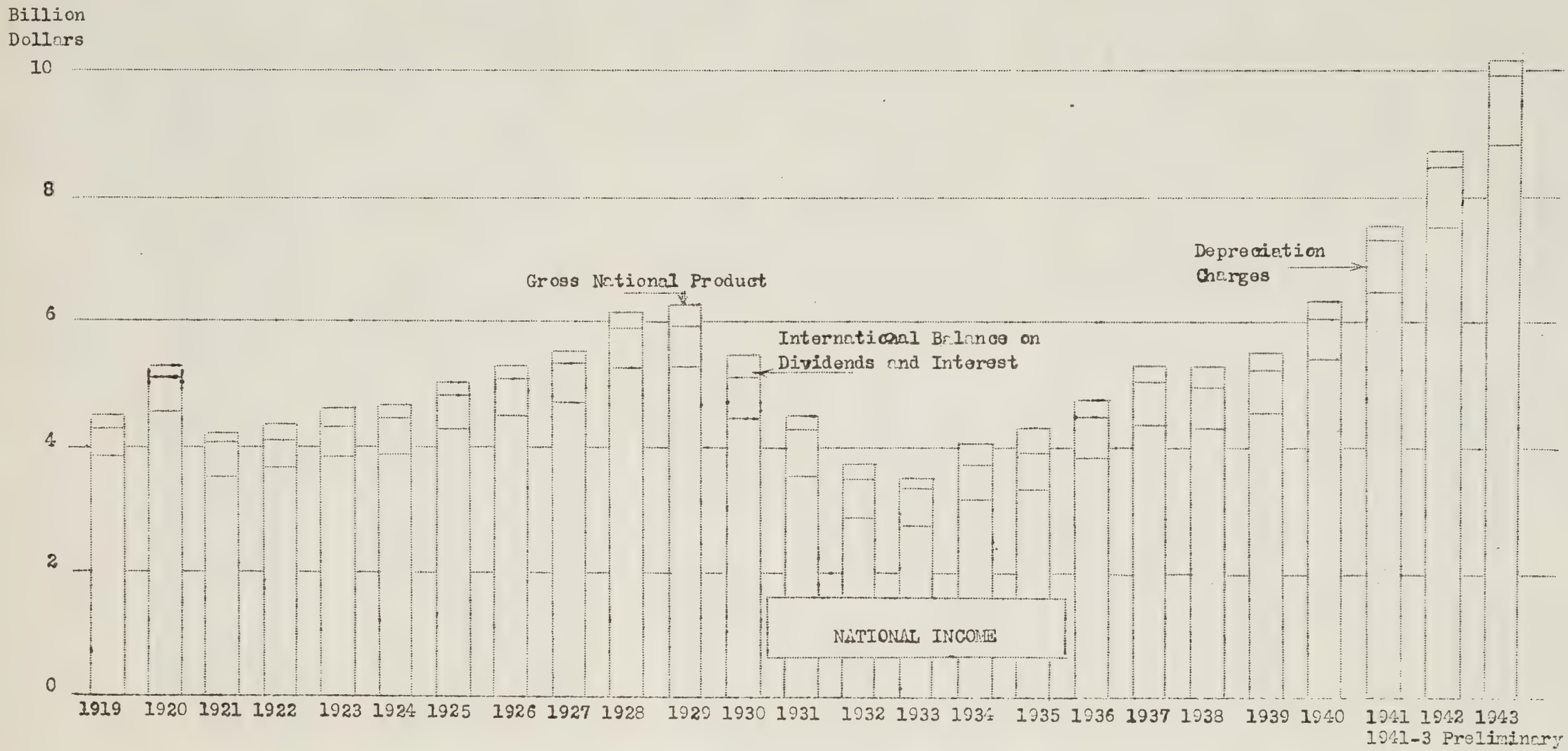
B. PERCENTAGE CHANGE IN NATIONAL INCOME FROM YEAR TO YEAR IN CANADA AND UNITED STATES
1919 TO 1943



NOTE. The first bar for each year relates to Canada and the second to the United States.

C. GROSS NATIONAL PRODUCT OF CANADA

1919 - 1943



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Minister of Trade and Commerce

DOMINION BUREAU OF STATISTICS - OTTAWA
BUSINESS STATISTICS BRANCH

Dominion Statistician: S. A. Cudmore, M.A.(Oxon.), F.S.S., F.R.S.C.
Chief, Business Statistics Branch: Sydney B. Smith, M.A.

ECONOMIC CONDITIONS IN CANADA DURING THE FIRST TWO MONTHS OF 1944 COMPARED WITH THE SAME PERIOD OF 1943.

SECTION I. ECONOMIC CONDITIONS

The major factors indicating the trend of economic conditions were at a considerably higher level in the first two months of the present year than in the same period of 1943. The upward trend of business operations in evidence since the outbreak of hostilities was continued in the last twelve months. The index of the physical volume of business was, consequently, 7.8 p.c. higher in the first two months than one year ago. Owing mainly to the continued expansion in war production, the index has reached an extremely high level in relation to preceding years. An upward trend of marked proportions especially from the early part of 1940 has carried the business index in recent months to a new high position in history. A recession occurred in February as compared with the first month of the year. The index of industrial production, which is exclusive of distribution, rose slightly more than four points in February to 279.5.

A further increase was shown in wholesale prices since the beginning of the year. The gain in the general index over the first two months of 1943 was 5.4 p.c. The average in the period under review, on the base of 1926, was 102.6. An upward trend has been shown in wholesale prices since the early part of 1933 but especially since the outbreak of hostilities. The index passed through parity with the base period of 1926 during the year recently ended. The marked reaction from 1929 to the first quarter of 1933 has now been more than counterbalanced. The rising trend since the low point of the depression was interrupted for a time by the reaction of 1938 and the early part of 1939 but the advance was resumed in September of the latter year.

Speculative factors including the prices of common stocks and speculative trading on the stock exchanges were at higher levels in the early months of the present year. The common stock index rose from 77.5 to 81.8, a gain of 5.5 p.c. The considerable increase from August, 1942 to July of last year has not been offset in any important degree by the subsequent reaction. Dominion bond prices remained steady in recent months, the yield on representative long-term maturities approximating 3 p.c.

National Income

The national income according to the monthly tentative computation averaged 3.2 p.c. greater in January and February than in the same period of 1943. The standing of the two months was about $1,432 million compared with $1,387 million in the same period of 1943. Economic generators are still showing important increases in the current period. The present high levels of capital formation may be appraised by the expansion in the number of workers and payrolls in plants producing durable goods. The index of employment in this sector as measured by the monthly sample rose by 56.4 p.c. and that of payrolls by 100.1 p.c. from June 11, 1941 to February 1, 1944. The expenditure for war production in the fiscal year just ended was $3,435 million, an increase of more than $500 million over the preceding year. An increase of 3 p.c. in war production proper is forecast for the new fiscal year.

The outward movement of commodities was 36.6 p.c. greater in the first two months than in the same period of last year. The total value rose from $348 million to $475 million. The implements of war are flowing in heavy volume to many battle fronts. Exports in February were $227 million against nearly $168 million in the same month of 1943. The balance of commodity trade was favourable to Canada in the period under review to the amount of $210.5 million against $106.3 million one year ago. In addition, the net exports of non-monetary gold were valued at $17.5 million in the first two months.

The money supply was 22 p.c. greater at the beginning of February than on the same date of last year. The total consisting of the deposit liabilities of the chartered banks and the circulating media in the hands of the public rose from $4,176 million to $5,108 million. Deposits were $4,273 million against $3,494 million while circulating media rose from $681 million to $835 million. The gain in bank notes in the hands of the public was more than 23 p.c., the total at the beginning of February having been $781 million.

Dominion Government expenditures in the first eleven months of the fiscal year just ended were $4,507 million compared with receipts of $2,470 million. The expenditures of the same period of the preceding year were $3,517 million against receipts of $2,016 million. The difference between the expenditures and the revenues consequently was 35.7 p.c. greater in the reported period of the recent fiscal year, the total having been $2,036.6 million against $1,501 million.

Employment.

The historical maximum in the index of employment was reached in the latter part of 1943. While reaction was shown in the first two months of the year, the level was somewhat above that of the early period of 1943. Between February 1, of last year and the same period of this year, there was an increase of 1.1 p.c. in employment in the eight industries for which statistics are available over a considerable period. The greater advance in payrolls is due in part to the payment of cost of living allowances to the majority of workers.

The amount of cheques cashed in the first two months of the present year was $8,721 million against $7,611 million in the first two months of last year. The gains were general in each of the five economic areas, the greatest increase having been shown in the Prairie Provinces. The gains of the first two months of 1944 ranged from 5.5 p.c. in Ontario to the marked increase of 51 p.c. indicated for the Prairie Provinces.

Owing to the continued expansion in production and business activity during 1943, the general index recorded an appreciable gain in the first two months of the present year. Four of the five main components of the index of the physical volume of business reached a higher level. The index of mineral production and of manufacturing recorded gains of 9.5 p.c. and 6.7 p.c., respectively. A decline was shown in the new business obtained by the construction industry. Contracts awarded receded from $31 million to $25 million, a decline of 19.3 p.c. A considerable gain, on the other hand, was recorded in building permits.

The index of distribution based upon railway traffic, internal and external trade recorded an appreciable increase. The number of tons carried one mile was 4,777 million against 4,244 million, a gain of 12.5 p.c., while carloadings were 15.8 p.c. greater. The gross revenues of the internal lines of the Canadian National Railway rose 13.4 p.c. in January, over the same month of 1943, while the receipts of the Canadian Pacific Railway were 26.4 p.c. greater.

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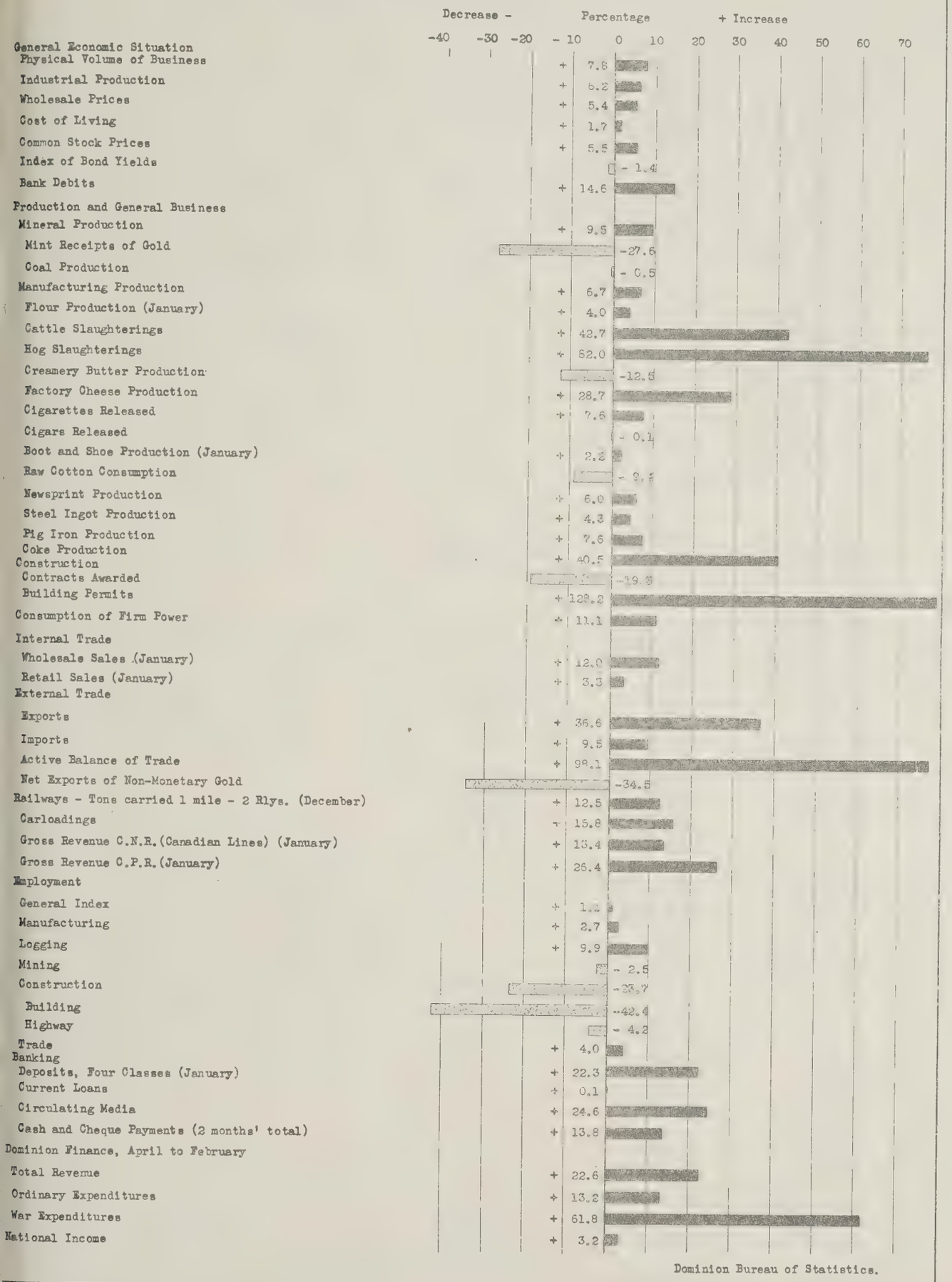
THE ECONOMIC SITUATION IN CANADA
for the First Two Months of 1944
as compared with the same period of last year



Dominion Bureau of Statistics.

Twelve items recorded decline, while forty-one showed increases.

Table 1. Statistics Illustrating the Economic Situation of Canada for the first two months of 1944 compared with the same period of last year.

	Unit or Base Period	First Two Months 1944	First Two Months 1943	Per cent Increase + Decrease -
General Economic Situation				
Index of Physical Volume of Business	1935-39=100	244.3	226.6	+ 7.8
Index of Industrial Production	1935-9=100	277.5	261.2	+ 6.2
Wholesale Prices	1926=100	102.6	97.3	+ 5.4
Cost of Living	1935-9=100	119.0	117.0	+ 1.7
Index of Common Stock Prices	1935-9=100	81.8	77.5	+ 5.5
Index of Bond Yields	1935-9=100	97.3	98.7	- 1.4
Bank Debits	$ 000	8,720,506	7,611,471	+ 14.6
Production and General Business				
Mineral Production	1935-9=100	252.6	230.7	+ 9.5
Gold Receipts at Mint	Fine Ozs.	495,160	683,855	- 27.6
Coal Production	Tons	3,086,366	3,101,068	- 0.5
Manufacturing Production	1935-39=100	304.0	284.9	+ 6.7
Flour Production (January)	Bbls.	2,041,193	1,963,042	+ 4.0
Cattle Slaughterings	No.	239,126	167,566	+ 42.7
Hog Slaughterings	No.	1,874,977	1,030,225	+ 82.0
Creamery Butter Production	Lbs.	21,929,960	25,051,969	- 12.5
Factory Cheese Production	Lbs.	4,697,641	3,650,138	+ 28.7
Cigarettes released	No.	1,972,370,107	1,833,242,235	+ 7.6
Cigars released	No.	31,900,098	31,921,559	- [illegible].1
Leather Boots and Shoes (January)	Pairs	2,291,098	2,240,750	+ 2.2
Raw cotton consumption	Lbs.	27,635,080	30,501,106	- 9.4
Paper and Lumber -				
Newsprint Production	Tons	482,663	455,351	+ 6.0
Iron and Steel -				
Steel Ingot Production	Short Ton	472,038	452,596	+ 4.3
Pig Iron Production	Short Ton	274,006	254,567	+ 7.6
Coke Production	Short Ton	676,900	481,773	+ 40.5
Construction -				
Contracts awarded	$	25,011,900	31,003,300	- 19.3
Building Permits (58 Municipalities)	$	8,133,298	3,564,872	+ 128.2
Consumption of firm power	000 K.W.H.	6,156,707	5,539,449	+ 11.1
Internal Trade -				
Wholesale Sales (January)	1935-9=100	156.7	139.9	+ 12.0
Retail Sales (January)	1935-9=100	133.2	128.9	+ 3.3
External Trade -				
Exports	$ 000	475,257	348,007	+ 36.6
Imports	$ 000	264,739	241,718	+ 9.5
Active Balance of Trade	$ 000	+ 210,518	+ 106,289	+ 98.1
Net Exports of Non-Monetary gold	$000,000	17.5	26.7	- 34.5
Railways - Tons carried 1 mile - (December) 2 Rlys	000,000 tons	4,776,533	4,244,244	+ 12.5
Carloadings	No.	561,200	484,670	+ 15.8
Gross Revenue C.N.R. (Canadian Lines) (January)	$	28,901,300	25,477,300	+ 13.4
Gross Revenue C.P.R. (January)	$	24,069,883	19,041,481	+ 26.4
Employment - Unadjusted				
General Index	1926=100	184.5	182.5	+ 1.1
Manufacturing		226.9	220.9	+ 2.7
Logging		266.3	242.3	+ 9.9
Mining		157.8	161.9	- 2.5
Construction		98.4	128.9	- 23.7
Building		106.9	185.6	- 42.4
Highway		103.3	107.8	- 4.2
Trade		166.0	159.6	+ 4.0
Banking -				
Deposits, Four Classes (January)	$ 000	4,272,877	3,494,394	+ 22.3
Current Loans	$ 000	1,037,239	1,036,224	+ 0.1
Circulating Media	$000,000	849.2	681.5	+ 24.6
Cash & Cheque Payments (2 months' total)	$000,000	11,917	10,469	+ 13.8
Dominion Finance - April to February -				
Total Revenues	$	2,470,191,839	2,016,120,718	+ 22.6
Ordinary Expenditures	$	525,753,129	464,401,857	+ 13.2
War Expenditures	$	3,271,493,977	2,021,623,720	+ 61.8
United Kingdom War Financing (1942) and United Nations Mutual Aid (1943)	$	672,769,228	1,000,000,000	-
National Income (Tentative Computation)	$000,000	1,432	1,387	+ 3.2

Twelve items recorded declines, while forty-one showed increases.

SECTION II. NATIONAL INCOME

Numbers and Remuneration of Employees

Numbers of Employees. - The approach to national income from the viewpoint of payments to ultimate consumers involves an extensive subsidiary study of Canada's manpower. The volume of production and, consequently, income, depends largely on the numbers at work.

In spite of the setback in the nineteen thirties, an upward trend in employment was shown in the 22-year period ended in 1940. It is estimated that employees on payrolls on a full-time basis averaged about 2,074,000 for the whole period, the increase in the second 11-years over the first half having been 6.2 p.c. The trend of employment of wage-earners and salaried workers varied greatly between different industries and service groups. Gains were shown in five of the seven main groups, the exceptions being primary production and transportation. The greatest expansion occurred in government, trade and service, while in finance and secondary production, the increases were 9.0 p.c. and 4.6 p.c., respectively. The gain in this class of labour force was from an average of 2,011,000 in the first half to 2,136,000 in the second.

The fluctuation in the number of employees conformed closely to that of the economic cycle. Fluctuation in the number engaged in different industries is an index of sensivity to alternating economic prosperity and depression.

Activity in the period immediately following the last war culminated in 1920 when the number of employees was placed at slightly more than two million. The decline in the next year was more than 10 p.c. and it was not until 1926 that the setback had been counterbalanced. The decline in the next phase was from 2,343,000 in 1929 to 1,828,000 in 1933. The subsequent advance has lasted without important interruption to the present time.

The employees were nearly 61 per cent of the gainfully engaged population during the period under review. The total working forces averaged 3,399,000 while the employees were 2,073,650. The working proprietors and "no pays" constituted the remaining one and one third million.

Secondary production consisting of manufacturing, construction and custom and repair furnished greater opportunities of employment than any other group, the proportion of the whole having been nearly 29.5 p.c. during the period. Primary production including the six industries based largely on natural resources, were in second place with 17.8 p.c. Professional, educational and other service activities were important, employing 16.6 p.c. of the total number. Trade and transport engaged about 14 p.c. and 12 p.c., respectively. Government and finance followed in the order named.

The number of employees engaged on a full-time basis in the United States averaged about 31,020,000 during the 22-year period against 2,074,000 in Canada. The active force of the United States was, consequently, nearly 15 times that of this country. The number engaged averaged about 2-2/3 p.c. less in the second half of the period than in the first, contrasting with an increase of more than 6 p.c. in Canada.

Salaries and Wages. - The salaries and wages paid by Canadian enterprise by seven major groups from 1919 to 1940 are shown in Table B. Despite the increase in the number of employees, the remuneration recorded a slight decline from the first half of the period to the second, indicating a recession in the salary-wage rate. The general decline was limited to 1.2 p.c., but considerable variation occurred in the fortunes of the different groups. The employees in transport and primary production experienced the greatest percentage declines amounting to 17.5 p.c. and 11 p.c., respectively.

Marked gains occurred in the salary distribution of government while finance and service also scored in this connection. Such payments by secondary production were slightly more than maintained. The gains in the finance, government and service activities were more than counterbalanced by adverse tendencies in other groups. Extending the scope by the inclusion of transportation and trade, the gain was limited to less than one per cent.

The fluctuation in salaries and wages was pronounced during the period. The three maxima were in 1920, 1929 and 1940, progressive increases having been shown, from one cycle to the next. Employee remuneration of $3,082 million in the last year of the period under review showed gains of 24.4 p.c. over 1920 and of 9.9 p.c. over 1929. The low point of the first half of the period was in 1922 at $2,017 million, but the nadir of the whole period was reached in 1933 when payments dropped to $1,741 million. The recovery of seven years from 1933 to 1940 was needed to counterbalance the decline of the preceding four.

Percentage analysis discloses a marked fluctuation in each of the seven groups from 1929 to the end of the period. The general total declined nearly 38 p.c. from 1929 to 1933 and rose 77 p.c. from that low point to the position of 1940. Primary production recorded the greatest percentage decline but the drop in secondary production, transportation and trade was also pronounced. Government was the least affected while service and finance followed in order.

Due mainly to war conditions, the gain in salaries and wages, pay and allowances disbursed by government rose 140.7 p.c. from 1933 to 1940. Primary industry recovered sharply, the gain having been 116.3 p.c. The salaries and wages paid by secondary production were more than doubled. Marked gains were also shown in trade, transportation, service and finance.

As employee remuneration forms such a large proportion of the entire national income, it is obvious that the fluctuations of the two factors must be in close accord. A test by mathematical process confirm that the relationship is excellent.

Remuneration of employees in the form of salaries and wages, amounting to nearly 58 p.c. of the total, was the chief income payment. If living allowances of so-called unpaid labour and other labour income were added, the employees' share would be raised to nearly 61 p.c. The withdrawals of working proprietors mainly farmers, retailers and professionals constituted nearly one-quarter of the total in the twenty-two years. Investment income, including net dividends, interest on bonds, debentures and mortgages, net rentals and other returns from credit instruments was computed at more than 14 p.c. of national income payments.

The industries engaged in secondary production had a greater payroll than any other major group, amounting to 28.4 p.c. of the whole. The shares paid by primary production, trade and service were of similar dimensions ranging from 14.7 p.c. to 12.8 p.c. Government and finance paid in the proportions of 9.8 p.c. and 5.2 p.c., respectively.

Salaries and wages averaged about $2,304 million in the period under review, while similar payments in the United States were about 17.8 times as great at $41,103 million. The decline in the second half of the period from the first in the United States was 10.3 p.c. compared with the recession of 1.2 p.c. in Canada.

Capital Formation. - The importance of capital formation as a feature of economic activity has long been recognized. Income received by individuals is mainly disbursed in two ways -- for living expenses and for savings. Thus the money flow from consumers to producers may be regarded as divided into two streams, of which savings are devoted to the expansion of plant and equipment. An individual, however, who adds to his private wealth by saving, that is, by consuming less than the whole of his income, does not directly bring about the production of real capital. Incomes are derived from producing consumption goods or from producing investment goods. Income payments are spent on consumption goods or saved. Consequently, for the community as a whole, the rate of saving is equal in the long run to the rate of investment. The investment money flow is normally far less than that arising from payment for consumption goods.

At an early stage in many periods of prosperity, simultaneous over-commitments for expansion of industrial equipment are made in most branches of industry. Each such commitment through credit extension involves the creation of purchasing power. The process of extending commitments, expanding credit and rising prices continues until it is checked by shortage of credit facilities or until experienced business men see danger in the further expansion of production facilities.

Gross capital formation as estimated on a preliminary basis recorded a considerable increase in the period from the end of the last world war. The upward trend of the index on the base of 1935-1939 was no less than 1.5 points per year. Confirming the consensus of opinion, extreme fluctuations were recorded. The total after rising from $259 million in 1921 to $1,799 million in 1928, then dropped to $412 million in 1932. The rise to 1940 was not less than 368 p.c. to $1,929 million. The gains in 1939 and 1940 were occasioned by war conditions, a new high point having been reached in the latter year. The extent of the fluctuation was at least double the average for the outstanding economic factors of Canada.

A similar estimate of gross capital formation for the United States showed a downward trend during the 22-year period. The highest point, however, was recorded in 1940, the gain over 1929 having been about 6.5 p.c. The fluctuation was somewhat less extreme than in Canada. While the correlation between the Canadian and the American capital formation was significant, considerable disparity was shown at times. The relationship of changes during the course of economic cycles of the inter-war period is displayed in Chart C.

Table A. Number of Employees on a Full-time Basis by the Seven Main Groups, 1919 - 1940

Year	Total	Primary Production and Processing	Secondary Production n.e.s.	Transportation and Communication	Trade	Finance	Government	Service
1919	1,886,861	326,748	566,639	268,346	248,280	61,845	100,659	314,344
1920	2,010,053	349,774	629,500	284,290	258,338	64,730	111,416	312,005
1921	1,802,107	333,056	488,918	260,244	247,755	63,325	114,715	294,094
1922	1,855,857	350,623	514,936	264,794	247,928	62,761	111,044	303,771
1923	1,933,816	371,437	545,278	272,380	256,918	63,439	110,990	313,374
1924	1,903,800	361,255	523,064	262,866	262,995	64,894	110,738	317,988
1925	1,956,548	364,492	556,856	258,072	276,086	67,805	113,494	319,743
1926	2,036,452	382,576	621,051	269,368	248,482	70,855	117,492	326,628
1927	2,135,076	404,182	659,846	274,607	268,464	74,497	122,912	330,568
1928	2,258,902	417,821	714,904	284,033	288,413	78,784	127,432	347,515
1929	2,342,768	407,768	749,960	291,933	312,359	83,159	136,304	361,285
1930	2,298,204	411,855	695,591	273,858	314,743	83,927	151,100	367,130
1931	2,094,908	330,838	624,755	245,539	304,774	80,077	151,383	357,542
1932	1,885,570	309,460	521,658	216,109	285,755	76,033	142,698	333,857
1933	1,828,292	303,243	505,967	200,840	275,998	73,294	127,209	341,741
1934	1,920,601	330,673	525,926	206,799	289,919	71,713	139,432	356,139
1935	2,005,417	355,415	571,729	210,576	300,365	71,670	135,342	360,320
1936	2,094,145	366,439	614,345	221,789	313,845	72,322	139,049	366,356
1937	2,237,364	397,489	688,644	226,632	325,538	73,780	148,116	377,165
1938	2,206,394	400,303	654,658	222,622	326,639	74,247	149,357	378,568
1939	2,316,874	407,174	684,544	222,457	352,003	75,208	186,489	388,999
1940	2,610,312	439,391	785,916	233,101	369,310	71,724	306,270	404,600
Annual Averages								
First Half	2,011,113	369,976	597,359	271,903	265,093	68,736	116,109	321,938
Second "	2,136,189	368,389	624,885	225,484	314,444	74,909	161,495	366,583
Full Period	2,073,650	369,182	611,122	248,693	289,768	71,822	138,802	344,261

Table B. Salaries and Wages Paid in Canada by the Seven Main Groups, 1919-1940.
$000

Year	Total	Primary Production and Processing	Secondary Production, n.e.s.	Transportation and Communication	Trade	Finance	Government	Service
1919	2,120,601	313,746	616,079	328,302	285,148	90,859	247,325	239,142
1920	2,477,573	396,346	747,482	405,953	346,822	105,981	194,788	280,204
1921	2,078,495	319,501	542,337	353,097	317,969	101,269	183,436	260,866
1922	2,017,064	302,216	542,570	340,007	299,547	98,303	174,708	259,707
1923	2,159,482	352,549	58[illegible],008	354,212	313,810	102,248	175,450	274,207
1924	2,123,299	340,799	565,083	340,618	319,309	105,832	173,649	278,009
1925	2,183,568	344,481	591,170	339,796	331,318	111,967	182,188	282,648
1926	2,350,511	370,351	664,827	365,349	356,044	118,152	184,108	291,680
1927	2,494,258	390,479	710,826	382,891	386,309	125,679	195,621	302,453
1928	2,680,730	411,918	776,438	405,956	421,816	136,666	210,931	317,005
1929	2,803,573	409,077	835,308	418,931	437,950	145,813	223,703	332,791
1930	2,625,472	385,122	753,127	393,839	377,596	145,617	240,391	329,780
1931	2,290,236	282,329	647,601	340,269	330,414	137,359	240,243	312,021
1932	1,910,808	221,881	502,280	276,336	276,877	123,149	223,545	286,690
1933	1,740,589	207,478	450,813	244,301	258,574	112,728	199,797	266,898
1934	1,870,685	247,419	496,654	251,561	268,646	112,868	217,835	275,702
1935	2,016,183	278,915	560,457	265,553	291,371	116,202	218,803	284,885
1936	2,162,216	308,463	617,611	282,841	311,833	119,380	226,737	295,351
1937	2,432,219	371,299	735,878	303,457	335,949	126,505	244,045	315,086
1938	2,454,348	369,905	729,259	313,778	345,388	128,679	245,182	322,157
1939	2,604,519	390,564	757,884	317,821	356,055	130,848	319,806	331,541
1940	3,081,980	448,844	942,428	339,494	392,479	128,035	480,846	349,854
Annual Average								
First Half	2,317,196	359,224	652,648	366,828	346,913	112,981	195,082	283,519
Second "	2,289,933	319,293	653,999	302,664	322,289	125,579	259,748	306,360
Full Period	2,303,564	339,258	653,324	334,746	334,601	119,280	227,415	294,940

Table C. Gross Capital Formation and Main Components, 1919-1943.

$000

Year	Total	Construction	Producers and Consumers Durables	Change in International Claims	Change in Inventories	Changes in Monetary Stock
1919	1,029,700	337,203	670,894	+ 27,900	- 4,248	- 2,049
1920	839,221	444,100	840,535	- 350,500	- 76,805	- 18,109
1921	258,576	366,800	603,004	- 188,300	- 506,396	- 16,532
1922	915,111	384,400	624,791	+ 10,700	- 152,795	+ 48,015
1923	1,078,068	396,500	718,789	+ 5,400	- 27,703	- 14,918
1924	1,299,353	385,200	710,678	+ 86,100	+ 93,294	+ 24,081
1925	1,536,192	404,700	799,384	+ 212,800	+ 123,198	- 3,890
1926	1,472,640	452,300	867,758	+ 147,600	+ 11,645	- 6,663
1927	1,620,928	510,300	942,970	- 8,900	+ 177,020	- 462
1928	1,799,278	578,200	1,049,946	+ 33,200	+ 175,348	- 37,416
1929	1,616,839	590,900	1,220,657	- 306,300	+ 141,904	- 30,322
1930	747,302	538,700	933,092	- 388,200	- 369,507	+ 33,217
1931	485,463	390,800	722,665	- 172,600	- 426,150	- 29,252
1932	412,112	270,900	471,253	- 103,700	- 232,425	+ 6,084
1933	628m550	207,700	414,236	- 20,800	+ 28,492	- 1,078
1934	812,734	176,800	523,437	+ 24,000	+ 52,889	+ 35,608
1935	1,065,382	215,500	607,119	+ 102,500	+ 65,686	+ 74,577
1936	1,145,871	258,040	719,575	+ 221,100	- 52,330	- 514
1937	1,523,429	351,874	871,538	+ 180,000	+ 118,895	+ 1,122
1938	1,312,459	353,223	828,949	+ 100,000	- 1,225	+ 31,512
1939	1,615,408	373,204	870,076	+ 126,000	+ 170,394	+ 75,734
1940	1,928,943	474,123	1,018,289	+ 149,000	+ 287,531	Un-
1941 x	2,760,773	639,751	1,255,754	+ 491,000	+ 374,268	avail-
1942 x	3,298,387	635,650	-	+1,199,000	+ 533,201	able
1943 x	4,436,306	-	-	-	-	-

x Preliminary

DESCRIPTION OF METHOD

(a) Number of Employees. The working forces of Canada are classified into working proprietors, employees and unpaid labour. The working proprietor, including the census classes of "own accounts" and "employers", conducts an enterprise under his control, assuming the responsibility for successful operation. The employee for his services receives payment in the form either of salaries or wages.

The number of employees, for national income purposes, is calculated on a full-time basis, being equivalent to the total of man-years worked by those employed rather than of actual numbers occupied on any particular date. The annual census of industry computes the employment on a full-time basis by averaging the numbers reported for the middle of each month. Information regarding the number of weeks worked, compiled by the decennial census, is valuable in arriving at the full-time employment in a considerable list of industries.

The annual census of industry embracing forestry, fisheries, mining, electric power, manufactures and construction, the industries in the transportation groups, except water and road transport, education, etc., present information directly as to the number of employees. The examination of company and public accounts, notably in finance and government, is the procedure for another section. Comprehensive data were made available by the decennial census as to the numbers employed in the ten-year periods. The intercensal years were estimated by interpolation, using pertinent data for the several groups. In a few instances, the salaries and wages were divided by a rate to give the numbers of employees.

(b) Salaries and Wages. Salaries and wages were computed for each of the thirty industrial and service groups of the Canadian economy. The annual census in varied lines conducted by the Bureau was the main source of information. For government and financial groups, a compilation was made from public and company accounts. The decennial census was valuable in furnishing totals for the 1920-21 and 1930-31 periods for the remaining groups. Interpolation was affected by means of appropriate indexes or other relevant data. The indexes of employment and wage rates were of value in this connection. The numbers employed and average rates of remuneration were computed for each of the thirty groups, the product being regarded as the remuneration.

The method of computation for each of the seven main groups was presented in considerable detail in "Economic Conditions" from May to January last.

(c) Gross Capital Formation. Eight components of gross capital formation were separately computed.

(1) The value of work performed given in the Bureau report on Construction, was used for the years 1935 to 1942. Previous years were estimated by using the statistics of contracts awarded with an addition to cover government operations.

(2) The flow of producers durable commodities to ultimate consumers from 1926 to 1936 were measured by a detailed compilation. The production, imports and exports of commodities were entered separately year by year classified into minor groups. The exports were deducted from the sum of the production, imports and duty. An additional amount was included for transportation and trade markups.

Taking advantage of statistics of production and external trade classified by the purpose group system the results for 1926 to 1936 were projected to cover the remainder of the period.

(3) The totals for consumers durables were obtained by deducting exports from the sum of production, imports and customs duty. The totals as reported by the Branches dealing with Manufacturing and External Trade were used in this connection.

(4) Changes in international claims were derived from statistics published from 1926 to 1942 by the International Payments Branch and for previous years from the report of the Dominion-Provincial Relations Commission on Dominion Monetary Policy.

(5) The changes in inventories were based on statistics of (a) raw materials, finished products on hand, stocks in process, fuel and supplies of manufacturing plants, (b) grain inventories at the end of the year at farm prices plus transportation charges to the Lakehead, and (c) values of live stock, as reported by the decennial census, interpolated by the records of the Agricultural Branch.

The changes in the monetary stock were compiled for 1919 to 1934 from statistics published in the Canada Year Book and from 1935 to 1939 from the reports of the Bank of Canada.

The amount of the gross capital formation of the United States for 1919 to 1933 was obtained from Line 5, page 484, Commodity Flow and Capital Formation, and a number of items given on pages 16 and 17 of April, 1942, and on page 12, Table 2 of May, 1942 Survey of Current Business. The most inclusive variant was utilized in this connection.

Chart A - Number of Employees on a Full-time Basis

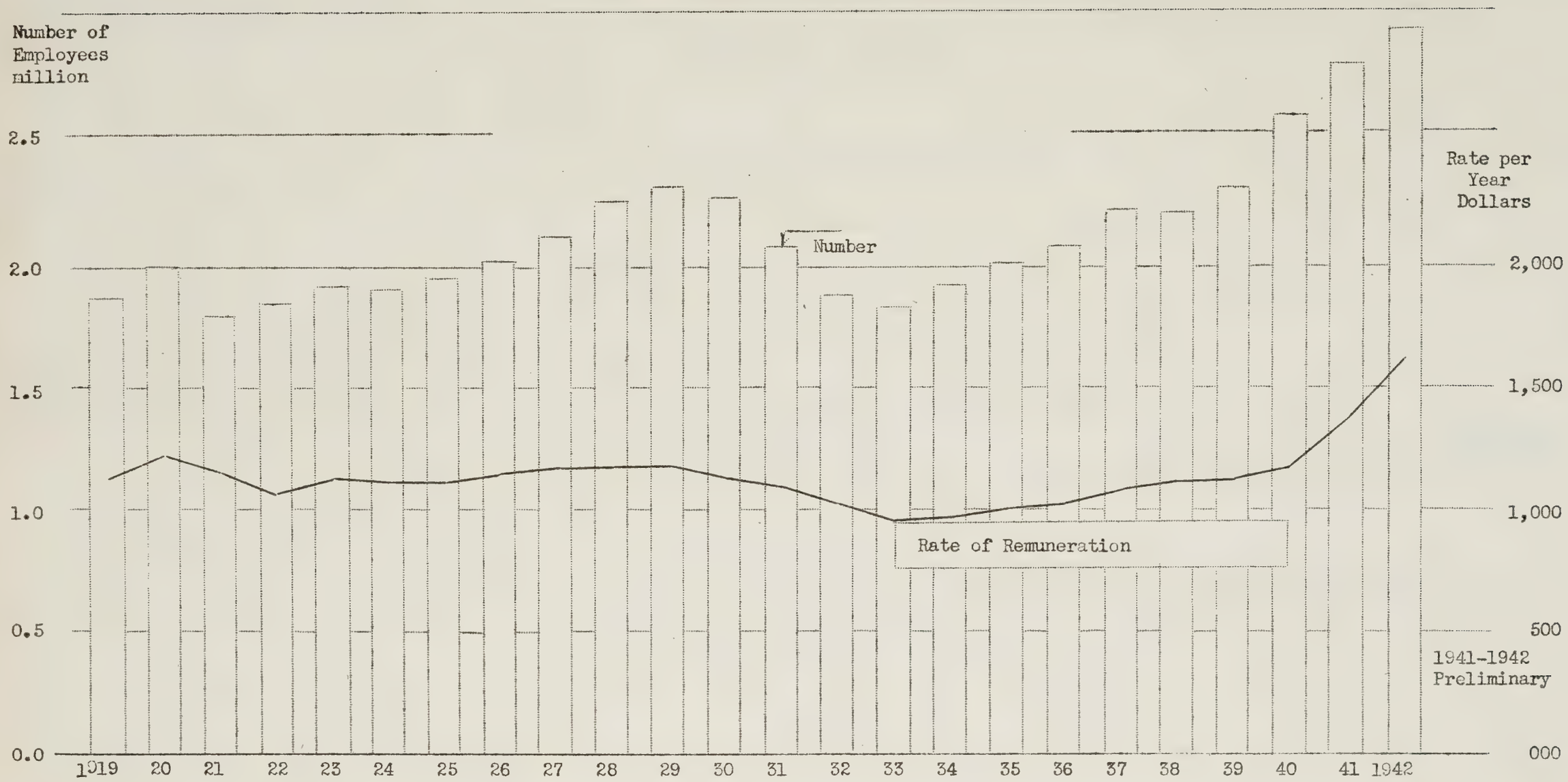


Chart B - Salaries and Wages Paid in Canada, 1919 - 1940 = 100

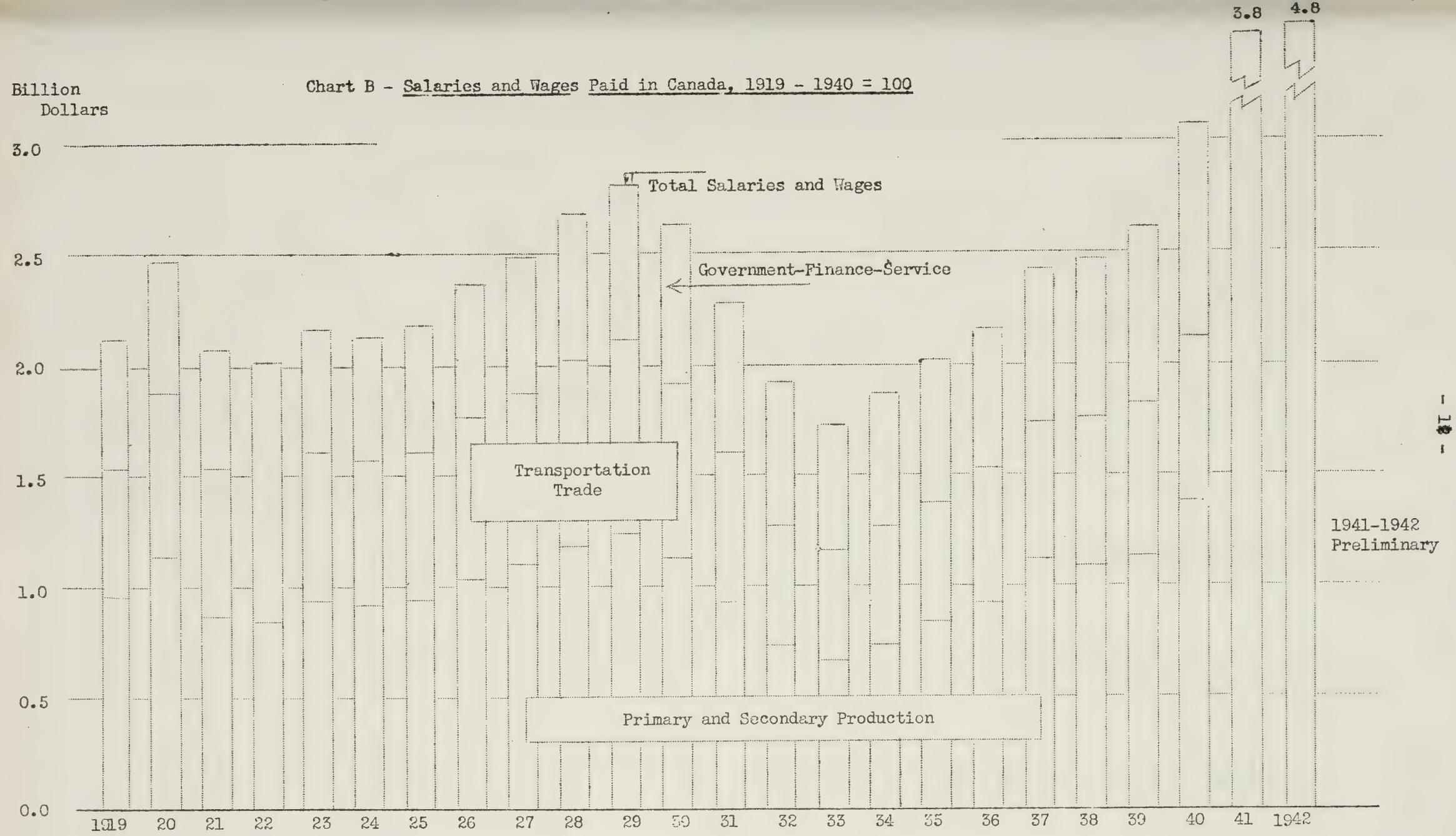
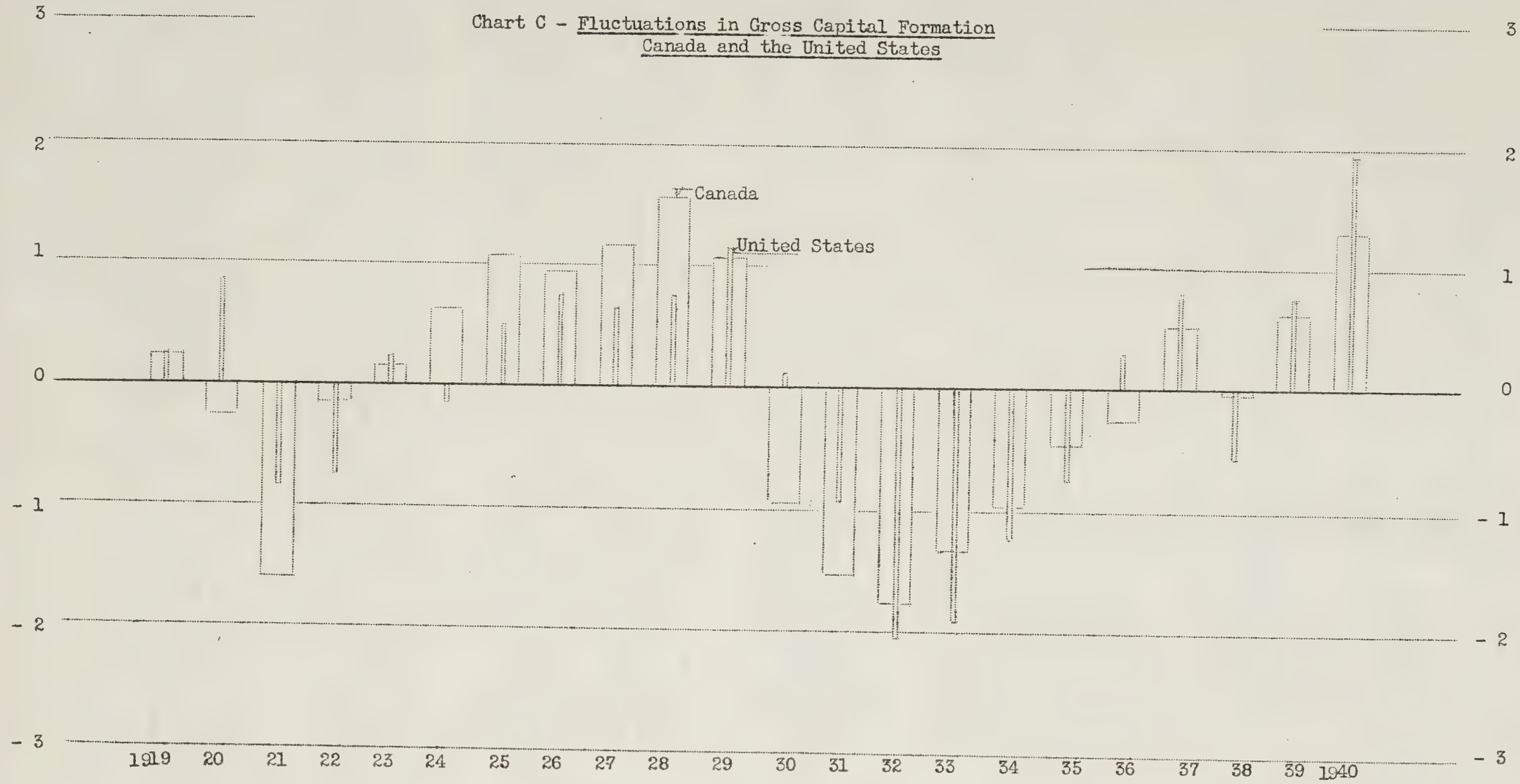


Chart C - Fluctuations in Gross Capital Formation
Canada and the United States



DEPT. OF POLITICAL SCIENCE
11-D-01 UNIVERSITY OF TORONTO BAROMETRICS FILE 'E'

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Minister of Trade and Commerce

DOMINION BUREAU OF STATISTICS - OTTAWA
BUSINESS STATISTICS BRANCH

Dominion Statistician: S. A. Cudmore, M.A.(Oxon.), F.S.S., F.R.S.C.
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ECONOMIC CONDITIONS IN CANADA DURING THE FIRST QUARTER OF 1944 COMPARED WITH THE SAME PERIOD OF 1943

SECTION I. ECONOMIC CONDITIONS

Each of the six major factors indicating the trend of economic conditions recorded gains in the first quarter of this year over the same period of 1943. The most influential movements were advances in productive operations and in the deposit liabilities of the chartered banks. An index of the physical volume of business advanced 7½ per cent over the first quarter of 1943. The average of the four main classes of bank deposits recorded during the first three months an increase of 18.6 per cent. The average was $4,286 million against $3,615 million in the same period of 1943. Notice deposits rose to a new high position in the period under review, having exceeded the $2 billion mark at the end of the first month of the year.

The advance in wholesale prices in progress since the first quarter of 1933 and especially since the outbreak of hostilities averaged considerably higher in the first quarter of the present year. The advance in wholesale prices which had been rapid from August, 1939 to November, 1941, recorded a slackening in the pace subsequent to the later months of 1941. The increase in the index of wholesale prices over the first quarter of 1943 was slightly more than 5 per cent, the standing on the base of 1926 having been 102.7.

The level of common stock prices was higher in the first quarter of the present year than in the same period of 1943. A considerable advance occurred in common stock prices from August, 1942 to July of last year. Since that time, a downward trend has been recorded. The index of common stocks receded one-half point in March from the preceding month, the standing on the base of 1935-39 having been 81.5. The standing in the first quarter was 81.7, an increase of 4.7 per cent over the same period of 1943. Long term Dominion bonds have shown marked stability for some time especially in the last twelve months. The shorter term maturities have advanced in price, the yields having moved to a somewhat lower position. Speculative trading was at a considerably higher level in the first quarter of the present year than in the same period of 1943.

Agricultural marketings recorded a marked gain in the first quarter of the present year. The index of grain marketings in March was 244.2 compared with 108.4 in the same month last year. In the same comparison the index of live stock marketings moved up from 110.7 to 116.4, the average for the quarter recording a marked advance. The index of cold storage holdings which had been 124.2 on April 1 last year rose to 245.3 on the same date of 1944.

Cattle slaughterings rose 32 per cent, the total in the first quarter of the year being 396,000 head. The gain in hog slaughterings was even greater, the total in the period under review having been 2,807,000 head, an increase of more than 77 per cent. Some decline was recorded in the production of creamery butter, while a gain of nearly 21 per cent was shown in the output of factory cheese, the total in the first quarter of the year having been 7.8 million pounds.

While the index of mineral production recorded a gain, decline was shown in the receipts of gold at the Mint. Coal production at 4.6 million tons recorded a decline of nearly 3 per cent. Employment in the mining industry showed recession, the index having been 158.3 against 162.0 in the first quarter of 1943.

An index of manufacturing production rose more than 5 per cent to 302.8 in the first quarter of 1944. The tobacco industry was more active as measured by the release of cigarettes. The total in the first quarter was 3,022 million against 2,872 million, a gain of 5.2 per cent. A slight gain was also shown in the release of cigars. The cotton textile industry was less active, the consumption of cotton dropping from 48.7 million pounds to 43.9 million pounds, a decline of 9.8 per cent. Newsprint production recorded a gain of 4.6 per cent over the standing of the first quarter of last year. Minor percentage gains were shown in the output of steel and pig iron over the high levels of the first quarter of 1943. Coke production rose 38 per cent to 1,033,000 short tons.

The consumption of primary power increased from 8.5 billion kilowatt hours to 9.3 billion, the indicated gain having been 9.3 per cent. The construction industry was more successful in obtaining new business. Contracts awarded during the first four months were reported at $83.7 million, a gain of $25.6 million or 44 per cent over the same period of 1943.

Sales of retail stores were 6 per cent greater in the first quarter than in the same period of last year. Warm spring weather stimulated marked sales, especially in clothing lines.

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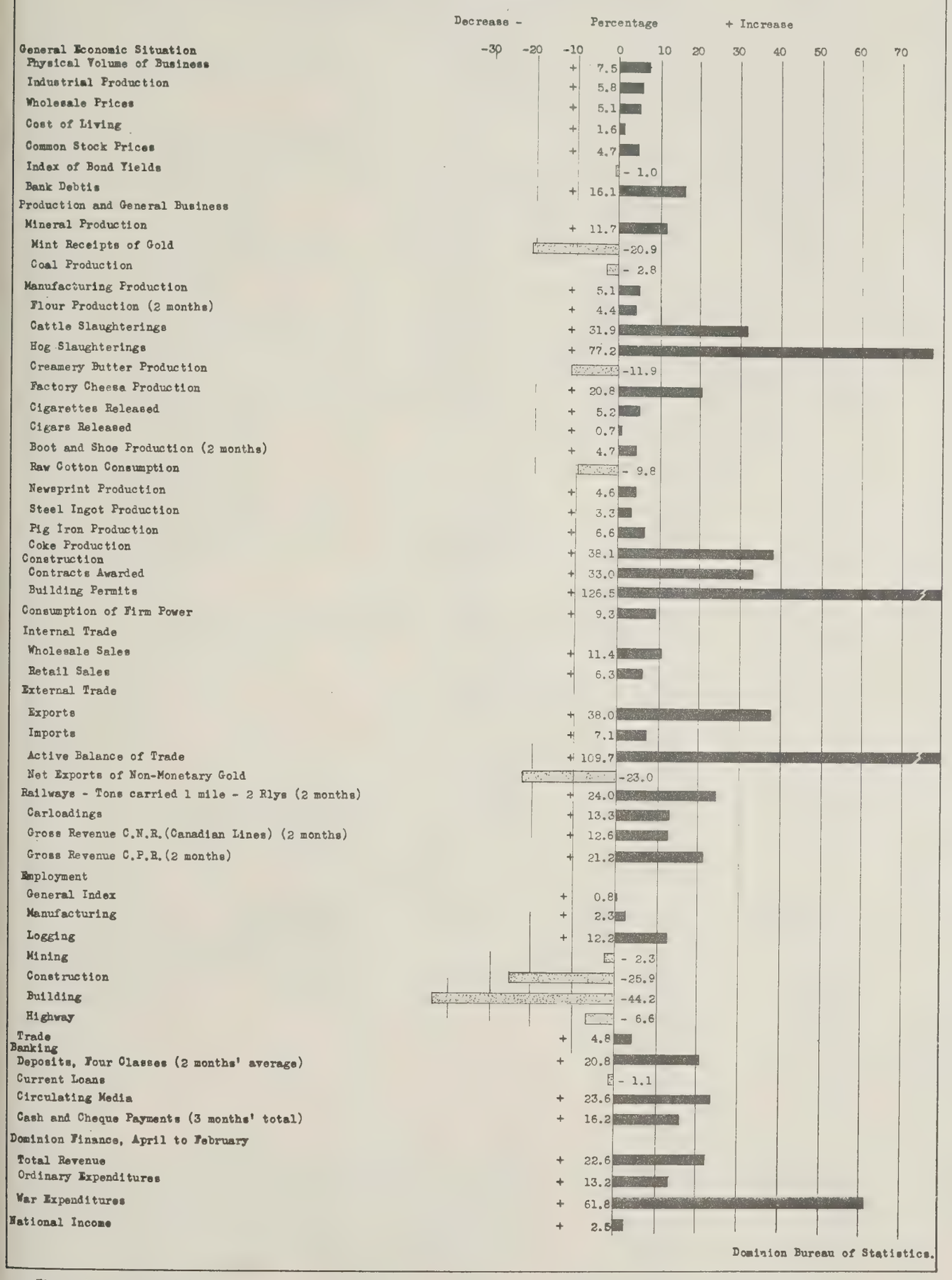
THE ECONOMIC SITUATION IN CANADA

for the First Quarter of 1944

as compared with the same period of last year



Dominion Bureau of Statistics.

Eleven items recorded decline, while forty-two showed increases.

Table 1. Statistics Illustrating the Economic Situation of Canada for the First Quarter of 1944 compared with the same period of last year.

	Unit or Base Period	First Quarter 1944	First Quarter 1943	Per cent Increase + Decrease -
General Economic Situation				
Index of Physical Volume of Business	1935-39=100	245.5	228.3	+ 7.5
Index of Industrial Production	1935-39=100	279.2	263.8	+ 5.8
Wholesale Prices	1926=100	102.7	97.7	+ 5.1
Cost of Living	1935-39=100	119.0	117.1	+ 1.6
Index of Common Stock Prices	1935-39=100	81.7	78.0	+ 4.7
Index of Bond Yields	1935-39=100	97.3	98.3	- 1.0
Bank Debits	$ 000	13,493,685	11,623,354	+ 16.1
Production and General Business				
Mineral Production	1935-39=100	255.9	229.0	+ 11.7
Gold Receipts at Mint	Fine Ozs.	761,525	963,137	- 20.9
Coal Production	Tons	4,635,458	4,766,921	- 2.8
Manufacturing Production	1935-39=100	302.8	288.0	+ 5.1
Flour Production (2 months)	Bbls.	4,128,898	3,953,774	+ 4.4
Cattle Slaughterings	No.	396,121	300,318	+ 31.9
Hog Slaughterings	No.	2,807,283	1,584,686	+ 77.2
Creamery Butter Production	Lbs.	35,785,551	40,628,329	- 11.9
Factory Cheese Production	Lbs.	7,782,185	6,439,733	+ 20.8
Cigarettes released	No.	3,021,521,004	2,872,217,534	+ 5.2
Cigars released	No.	50,279,415	49,910,125	+ 0.7
Leather Boots and Shoes (2 months)	Pairs	4,829,275	4,612,347	+ 4.7
Raw cotton consumption	Lbs.	43,938,622	48,687,511	- 9.8
Paper and Lumber -				
Newsprint Production	Tons	734,755	702,206	+ 4.6
Iron and Steel -				
Steel Ingot Production	Short Ton	747,577	723,558	+ 3.3
Pig Iron Production	Short Ton	442,053	414,668	+ 6.6
Coke Production	Short Ton	1,032,608	747,611	+ 38.1
Construction -				
Contracts awarded	$	56,031,200	42,113,900	+ 33.0
Building Permits (58 municipalities)	$	13,237,933	5,845,827	+ 126.5
Consumption of firm power	000 K.W.H.	9,306,157	8,516,999	+ 9.3
Internal Trade -				
Wholesale Sales	1935-39=100	170.7	153.2	+ 11.4
Retail Sales	1935-39=100	145.8	137.1	+ 6.3
External Trade -				
Exports	$ 000	765,200	554,580	+ 38.0
Imports	$ 000	415,525	387,831	+ 7.1
Active Balance of Trade	$ 000	+ 349,675	+ 166,749	+ 109.7
Net Exports of Non-Monetary gold	$ 000,000	30.4	39.5	- 23.0
Railways - Tons carried 1 mile - (2 months) 2 Rlys.	000,000 tons	9,268	7,473	+ 24.0
Carloadings	No.	873,664	770,949	+ 13.3
Gross Revenue C.N.R. (Canadian Lines) (2 months)	$	58,627,700	52,089,400	+ 12.6
Gross Revenue C.P.R. (2 months)	$	47,932,383	39,559,313	+ 21.2
Employment - Unadjusted				
General Index	1926=100	183.6	182.1	+ 0.8
Manufacturing		226.7	221.7	+ 2.3
Logging		267.6	238.6	+ 12.2
Mining		158.3	162.0	- 2.3
Construction		94.0	126.8	- 25.9
Building		101.4	181.8	- 44.2
Highway		96.0	102.8	- 6.6
Trade		162.8	155.4	+ 4.8
Banking -				
Deposits, Four Classes (2 months' average)	$ 000	4,244,590	3,513,863	+ 20.8
Current Loans	$ 000	996,316	1,007,516	- 1.1
Circulating Media	$ 000,000	842.3	681.5	+ 23.6
Cash & Cheque Payments (3 months' Total)	$ 000,000	18,553	15,964	+ 16.2
Dominion Finance - April to February -				
Total Revenues	$	2,470,191,839	2,016,120,718	+ 22.6
Ordinary Expenditures	$	525,753,129	464,401,857	+ 13.2
War Expenditures	$	3,271,493,977	2,021,623,720	+ 61.8
United Kingdom War Financing (1942) and United Nations Mutual Aid (1943)	$	672,769,228	1,000,000,000	-
National Income (Tentative Computation)	$ 000,000	2,166	2,114	+ 2.5

Eleven items recorded declines, while forty-two showed increases.

Table A. Number of Working Proprietors by the Six Main Groups, 1919 - 1940

Year	Total	Primary Production and Processing	Secondary Production n.e.s.	Transportation and Communication	Trade	Finance	Service
1919	1,045,862	712,016	71,795	15,597	116,585	5,770	124,099
1920	1,057,548	707,820	82,728	15,775	121,926	6,068	123,231
1921	1,029,781	705,957	78,439	15,768	114,522	6,030	109,065
1922	1,030,042	708,003	85,609	15,852	105,011	6,028	109,539
1923	1,018,446	699,471	82,642	15,903	102,853	6,181	111,396
1924	1,006,434	691,260	79,089	15,969	101,045	6,187	112,884
1925	1,003,312	686,370	79,248	16,027	100,452	6,291	114,924
1926	1,007,867	680,158	85,538	16,084	100,693	6,659	118,735
1927	1,034,194	686,565	90,293	16,142	110,866	7,214	123,114
1928	1,054,860	687,773	93,630	16,199	123,393	7,460	126,405
1929	1,071,569	690,249	95,633	16,262	131,744	7,578	130,103
1930	1,053,008	687,277	90,328	16,209	121,087	7,153	130,954
1931	1,029,316	689,657	80,416	16,164	112,429	6,236	124,414
1932	1,003,970	690,803	72,390	15,694	98,633	5,351	121,099
1933	990,004	693,123	64,169	15,263	93,362	4,888	119,199
1934	998,135	698,655	58,061	14,815	98,460	4,526	123,618
1935	1,012,436	701,548	61,483	14,807	105,639	4,634	124,325
1936	1,025,232	704,810	65,033	13,985	109,146	4,829	127,429
1937	1,044,236	703,763	71,261	13,564	115,585	4,991	135,072
1938	1,039,464	695,512	71,573	13,139	115,818	5,161	138,261
1939	1,035,982	694,977	67,516	12,594	118,264	5,305	137,326
1940	1,054,341	699,758	70,089	12,149	123,744	5,310	143,291
Annual Averages							
First Half ..	1,032,720	695,967	84,059	15,962	111,735	6,497	118,500
Second Half ..	1,026,011	696,353	70,211	14,398	110,197	5,308	129,544
Full Period ..	1,029,365	696,160	77,135	15,180	110,966	5,902	124,022

Table B. Withdrawals in Canada by the Six Main Groups, 1919 - 1940

$ 000

Year	Total	Primary Production and Processing	Secondary Production n.e.s.	Transportation and Communication	Trade	Finance	Service
1919	1,204,360	758,468	96,010	18,219	177,977	10,288	143,398
1920	1,339,942	827,438	137,824	18,225	188,884	10,363	157,208
1921	1,109,870	671,179	115,671	18,208	159,479	10,615	134,718
1922	1,024,152	592,296	118,200	18,516	153,142	10,659	131,339
1923	1,039,049	617,225	112,759	18,328	144,661	10,683	135,393
1924	1,011,321	599,552	105,971	18,371	138,193	10,984	138,250
1925	1,015,348	604,453	103,249	18,603	134,908	11,038	143,097
1926	1,044,979	622,347	109,020	18,895	132,951	11,507	150,259
1927	1,091,939	644,821	112,890	19,202	144,093	12,325	158,608
1928	1,127,734	656,148	115,835	19,547	157,126	12,914	166,164
1929	1,151,119	665,056	117,776	19,633	163,474	13,517	171,663
1930	1,058,339	607,299	107,499	19,384	142,678	12,523	168,956
1931	870,761	462,037	95,189	18,897	126,772	11,189	156,677
1932	726,259	364,497	80,324	17,788	107,063	10,175	146,412
1933	686,282	348,317	69,509	16,843	99,193	9,999	142,421
1934	713,544	369,686	67,808	16,149	103,071	9,929	146,901
1935	754,490	391,934	74,124	15,986	111,975	10,327	150,144
1936	799,937	415,219	80,414	16,057	119,840	10,941	157,466
1937	866,138	446,024	93,777	16,076	129,205	11,172	169,884
1938	884,608	453,103	96,594	16,102	131,926	11,387	175,496
1939	907,652	472,818	96,641	16,271	135,468	11,196	175,258
1940	988,510	518,239	109,199	15,975	149,110	10,090	185,897
Annual Averages							
First Half	1,105,438	659,908	113,200	18,704	154,081	11,354	148,191
Second Half	841,502	440,834	88,280	16,866	123,300	10,812	161,410
Full Period	973,470	550,371	100,740	17,785	138,690	11,083	154,800

SECTION II. NATIONAL INCOME

Numbers and Remuneration of Working Proprietors

The best statistics of the numbers of working proprietors are obtainable from the industrial section of the decennial census. The totals for 1931 were given on an occupational footing in Volume VII, Table 50, pages 558 - 597. Results by the industrial grouping system were compiled in full for the period in question from an unpublished table furnished by the Census Branch. The status classification which distinguishes between employers and "own accounts" is useful in connection with the estimation of remuneration rates.

The final tabulation of the numbers of gainfully occupied by status classes according to the industrial classification for 1941, is in process at the time of writing. A considerable body of advance data has been published in census bulletins during the last three years. The results given in Table A are based mainly on the census returns for 1921 and 1931 with interpolation and projection for other years. The estimates of numbers for intercensal years are based on the fluctuations in smoothed indexes of employment or the numbers of establishments as given by annual census reports.

A working proprietor may receive his remuneration in several alternative ways. He may arrange to have his income placed on the payroll; make a withdrawal, perhaps of varied amounts, at irregular intervals; or strengthen the financial position of the business by neglecting to withdraw within a given period any remuneration whatsoever.

The rate of withdrawal is difficult to estimate. The general plan is to assume that the average remuneration of the working proprietor will bear a rough relationship to that of the employees engaged in the same industry. It was discovered that the salary-wage rate tended to vary according to the age of the recipient. Working proprietors normally have a greater average age than that of employees in the same industry and geographic sector. This characteristic was appraised according to the relationships of the census period of 1930-31. A second plant was to place the remuneration of "own accounts" at the same rate as employees, assigning employers a remuneration of 150 per cent of the salary-wage rate. The rate paid to managers was noted when such information was available through the occupational section of the decennial census. As a fourth measure, cognizance was taken of the margin of the remuneration rate of the working proprietors over that of the employee according to the reports on national income in the United States.

The final rates were determined by averaging the results obtained by the four above-mentioned plans and the proprietor rate in 1920 was determined by assuming that the margin over the employee rate was proportionately the same as in 1930. Interpolation and projection were accomplished by means of indexes of wage rates and other pertinent data. The withdrawals, estimated for nineteen groups, were taken as the product of the numbers and rates.

The withdrawals of working proprietors constituted nearly one quarter of the flow of money from productive enterprise to individuals in return for participation in the productive process. This compares with 58 per cent paid in the form of salaries and wages, or 61 per cent, providing supplemental payments to the employee class such as "no pay" living allowances and workmen's compensation for injuries were included.

The trend of withdrawals was downward during the 22 years under review. An index on the base of 1935-39 recording the trend receded from 138.6 in 1919 to 92.4 in 1940. As the numbers were well maintained throughout the period

the decline in remuneration was due to the drop in the rate. The fluctuation in the number of working proprietors was remarkably small, the mathematical variation in the numbers being less than is found in the vast majority of economic factors. Stability characterized the size of the status class, only minor changes having been shown in trend or fluctuation.

Withdrawals vary greatly from one industrial group to another. They assume greatest importance in agriculture, service and trade. The withdrawals of the primary producers of Canada during the period were estimated at $550.4 million per year, or 56.5 per cent of the total for all industries. The service group, including those engaged in professional activities, distributed 15.9 per cent, while trade occupied third place with a distribution of 14 per cent. Other groups, notably construction and manufactures paid considerable amounts to their working proprietors in the form of withdrawals. Such income was estimated for six of the seven major groups, Government being excepted. The dividing line between the working proprietor, on the one hand, and the corporate officer and member of the board of directors on the other is not clearly drawn, but the aim of the present statement was to restrict withdrawals to the unincorporated section of productive activities. Withdrawals, consequently, are important for but a few of the industrial groups included in the country's economic system. Most industries are organized largely on the principle of separation of ownership from active participation in the process of production.

The prosperity of enterprisers over a period is dependent on conditions in the main industries from which the income is derived. The severe depression in primary industries, notably agriculture, accounted mainly for the declining trend of withdrawals during the twenty-two years. The setback in the grand total from the first half of the period amounted to about 24 per cent, the average of $1,105 million having declined to $842 million. Among the commodity-producing activities, advances in mining, manufactures and repair work failed by a wide margin to counterbalance the declines in other industries. The reduced return for the personal activities of farmers made up a large part of the general decline. The withdrawals of the trade group declined 20 per cent from $154 million per year to $123.3 million. Financial activities are mainly carried on by incorporated companies, withdrawals in relatively small amount being calculated for real estate and stock and bond brokers. The rise in the average return to professionals and working proprietors in "other service" was contrary to the prevalent trend. In view of these developments, withdrawals were of less relative importance as an income flow in the second half of the period than in the first, the decline being from 24.8 per cent of income payments to 19.5 per cent.

The process of production, interpreted in a broad sense, is the centre of the nation's activities. The creative influences consist of man himself, the active principle in production, and the material environment which he uses or works upon in the enterprise. The human forces are broadly divisible, according to their functioning, into two groups, employees and working proprietors or enterprisers. The latter group occupies the pivotal position in the economic system. Their function is to initiate productive activities, co-ordinating labour and capital into a combination for the production of goods and services. They are responsible for the employment of men and capital, engaging them in profitable ways of meeting human needs.

Chart A. - Number of Working Proprietors, 1919 - 1940

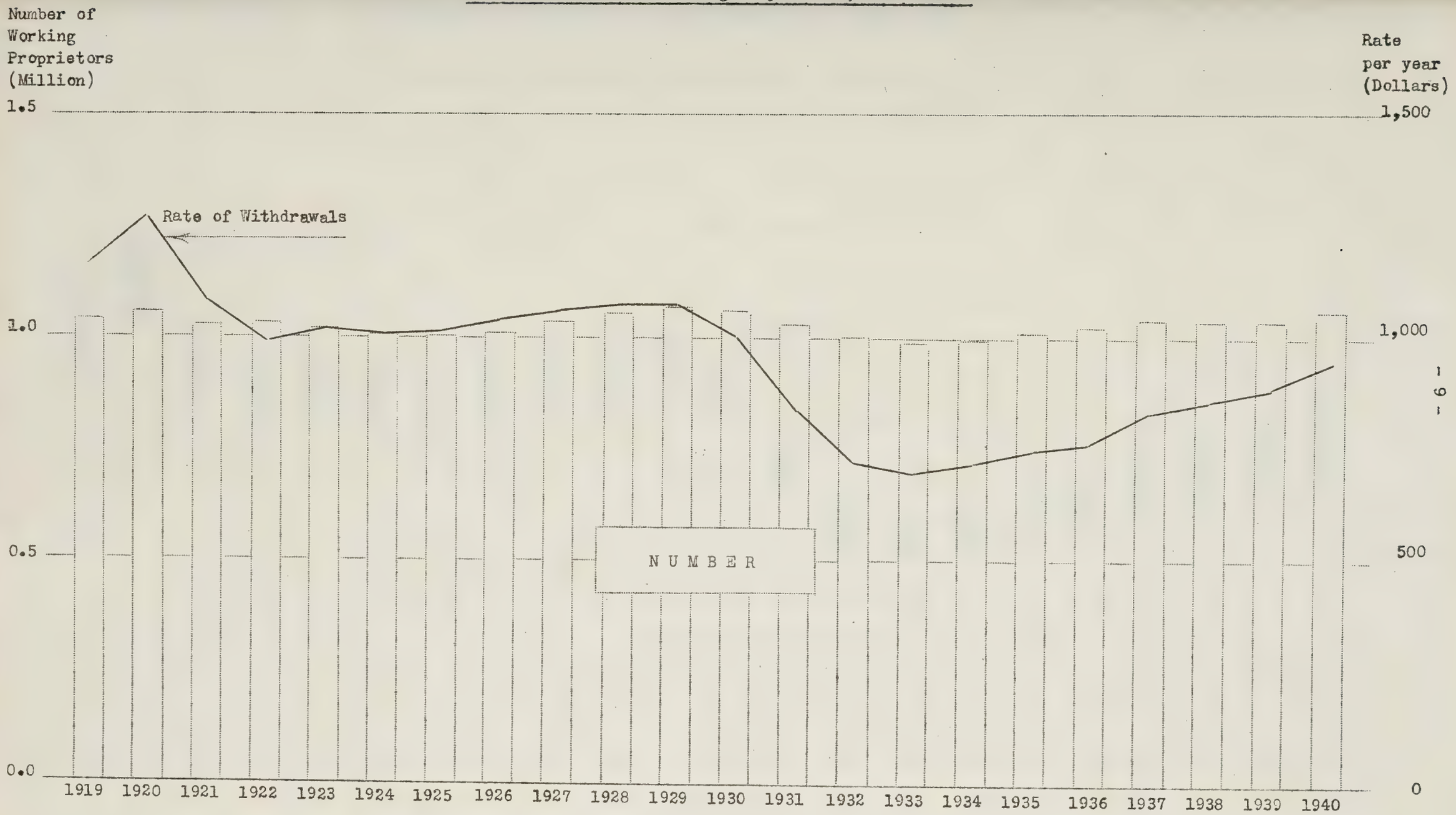
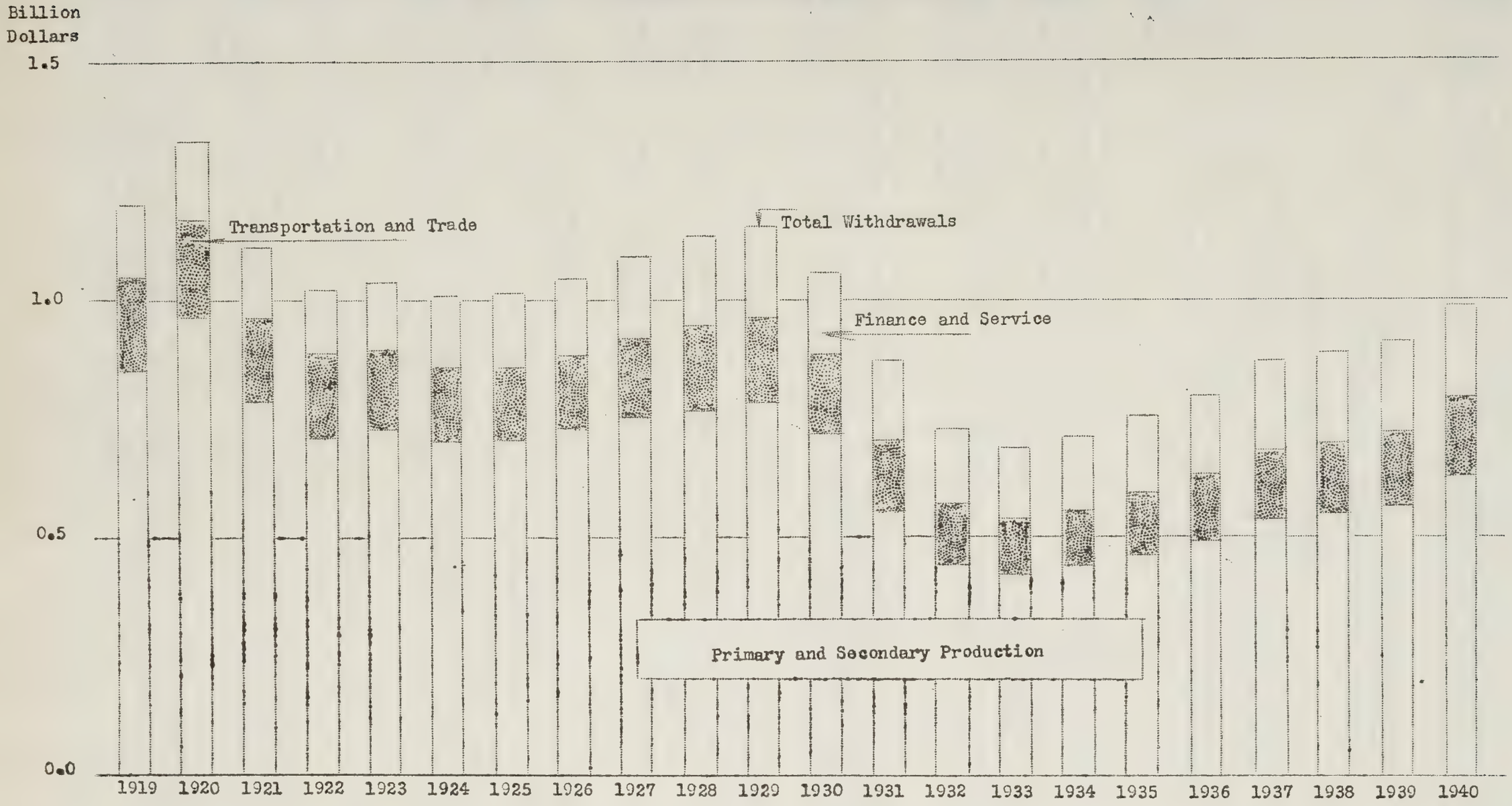


Chart B. - Withdrawals of Working Proprietors, 1919 - 1940



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DOMINION BUREAU OF STATISTICS - OTTAWA
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Dominion Statistician: S. A. Cudmore, M.A. (Oxon.), F.S.S., F.R.S.C.
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ECONOMIC CONDITIONS IN CANADA DURING THE FIRST FOUR MONTHS OF 1944 COMPARED WITH THE SAME PERIOD OF 1943.

SECTION I. ECONOMIC CONDITIONS

The six factors indicating the trend of economic conditions averaged higher in the first four months of the present year than in any other similar period in history. The index of the physical volume of business on the pre-war base was 244, a gain of nearly 6 p.c. over the same period of 1943. While reaction was indicated in April from the high levels of the first quarter, the average for the period under review was a new maximum. A marked advance was recorded from the early months of 1940 until the end of last year.

The index of wholesale prices on the base of 1926 was 102.8 in the first four months of the present year, a gain of nearly 5 p.c. over the same period of 1943. The index in July last passed through parity with the base year and has since shown minor increases. The marked decline in wholesale prices from 1929 to 1933 was more than counterbalanced by the subsequent advance. Security prices averaged somewhat higher in the first four months of the present year than in the same period of 1943. The index of common stocks on a pre-war base rose from 79.2 to 81, a gain of 2.3 p.c. Measured by bond yields, Dominion bond prices were at a somewhat higher position in the first four months of the present year.

A marked increase was recorded in the deposit liabilities of the chartered banks, the average for the first three months of the year having been $4,286 million compared with $3,615 million, a gain of 18.6 p.c. Gains have been recorded in bank deposits from 1938 to the present time. While recessions were shown at the beginning of January and of February the average for the first three months of the present year was in a new high position.

The index of the physical volume of business rose about 14 points in the first four months of the present year over the same period of 1943. Mineral production showed an increase of 7.4 p.c. according to the index based on a considerable number of factors. Gold receipts at the Mint, however, showed a reduction of 22 p.c., the total for the first four months of the present year having been 1,025,000 fine ounces. The decline in coal production was 4.5 p.c., the total in the first four months of the present year having been 5,872,000 tons against 6,148,000.

The index of manufacturing production rose 3.4 p.c. to 300, the indicator being expressed as the percentage of the average for the period from 1935 to 1939. Marked increases were shown in a considerable number of components. Cattle slaughterings, for example, recorded a gain of nearly 25 p.c. to 572,000 head. The gain in hog slaughterings was 67 p.c. from 2,156,000 head to 3,601,000. The production of factory cheese recorded a marked gain over the same period of last year. The output of steel ingots and pig iron is still showing gains over the same period twelve months ago. The total steel produced was 1,008,000 short tons against 987,915 in the same period last year. The gain in pig iron production was 8.4 p.c. to 612,000 tons.

A gain was recorded in the new business obtained by the construction industry and in building permits. Contracts awarded were $83.7 million, a gain of 44 p.c. while building permits were $[illegible].2 million, a gain of 61.5 p.c.

The operations of the electric power industry recorded expansion. The consumption of firm power was 12,195,000,000 kilowatt hours against 11,386,000,000 kilowatt hours, a gain of 7.1 p.c. The output was greater in April than in the same month of any year.

Distribution of commodities through wholesale and retail outlets recorded a considerable expansion in the first three months of the present year over the same period of 1943. The wholesale index averaged 170.7 against 153.2, a gain of 11.4 p.c., while the index of retail sales rose from 137 to 145.8.

Car loadings during the first twenty weeks of the present year amounted to 1,373,000 compared withl,251,000 in the same period of the preceding year, a gain of 122,000 cars. A gain of nearly 10 p.c. was mainly accounted for by increases in the movement of grain, livestock and "logs and other forest products. The increase in the movement of grain was nearly 58,000 cars while livestock showed an increase of more than 15,000 cars. Tons carried one mile by the two main railways during the first three months of the year amounted to 14,207, million tons against 11,967, million tons, a gain of 18.7 p.c. The gross revenue on the internal lines of the Canadian National Railway in the first three months recorded a gain of 9.5 p.c. while the gross revenue of the Canadian Pacific Railway during the same period rose 17.6 p.c. The total for the Canadian National Railway was $92,120,000 compared with $74,933,000 reported by the Canadian Pacific Railway.

The general index of employment averaged 182.8 against 181.7 in the same period of last year, a gain of 0.6 p.c. Minor gain was also shown over the high level of employment in manufacturing plants. The latter index rose 34.8 p.c. from June 1, 1941 to the beginning of March while that of payrolls averaged 72.2 p.c. greater.

The general wholesale price index was 102.9 in April compared with 99.0 in the same month of last year. Consumers' goods showed a relatively minor advance from 96.9 to 97.9 while a considerable increase was recorded in the price index of producers' goods, the standing having been 100.1 against 93.2. The gain in raw and partly manufactured goods has been of far greater proportions than in manufactured commodities. The index for the former rose from 97.0 in April last year to 104.7 in the same period of 1944 while the index in the fully manufactured goods was from 93.0 to 93.8. The index of the cost-of-living was 119.1 on April 1 of this year against 117.6 on the same date of 1943.

Cheques cashed in clearing centres amounted to $18,055 million in the first four months of 1944 against $15,694 million, a gain of 15 p.c. The greatest gain was shown in the Prairie Provinces where the total was $3,425 million against $2,367 million in the same period last year, an increase of $1,059 million or 44.7 p.c. The gain in bank debits is attributed to greater economic activity and a slightly higher price level. Heavy payments on the Sixth Victory Loan accounted in part for the expansion in debits in April. It is estimated that from 80 p.c. to 90 p.c. of business transactions in Canada are carried on by cheques, money being used in relatively small proportions. Circulating media in the hands of the public including bank notes and coin rose from $689 million in the early period of 1943 to $847 million in the period under review, the gain being no less than 22.8 p.c. The sum of the cash and cheque payments rose from $5,578 million in April last year to $6,347 million in the same month of the present year, the gain having been 13.8 p.c. War expenditures, aside from the United Nations Mutual Aid, were $303 million in the first month of the present fiscal year against nearly $137 million in the same month of last year, a gain of 121.5 p.c. A decline was shown in revenue and ordinary expenditures.

The tentative computation of national income during the first four months of 1944 was $2,845 million compared with $2,581 million in the same period of 1943, a gain of 10.2 p.c. Owing to a recent review of national income in 1942 on an annual basis, the monthly computation has been placed upon an altered footing. As revision was made of the statistics for 1943 and 1944 comparisions with last year are valid. The generating factors influencing the trend of national income include alterations in capital formation, merchandise exports, deficit financing of government and the money supply.

In the durable goods industries the index of employment showed a gain of 18.1 p.c. in 1943 over the preceding year, while that of the manufacture of non-durable goods increased only fractionally. The general expansion in employment and payrolls in the production of durable goods has been particularly noteworthy in the months for which data are available. The index of employment showed a gain of 55.4 p.c. accompanied by an increase of 102.1 p.c. in the salaries and wages distributed between June 1, 1941 and March 1, 1944.

Exports from Canada amounted to $1,052 million in the first four months of the present year. The standing in the comparable period last year was $784 million, the indicated increase having been more than 34.p.c. The active balance of trade, exclusive of non-monetary gold, rose from $245 million in the first four months of 1943 to nearly $500 million in the present year, the gain being no less than 103.5 p.c. The grand total expenditure of the Dominion Government in the first eleven months of the year ended March 31, 1944 amounted to $4,507 million against ordinary revenue and special receipts of $2,470 million. The grand total expenditures in the same period of the preceding fiscal year was $3,507 million against $2,016 million in revenue and special receipts.

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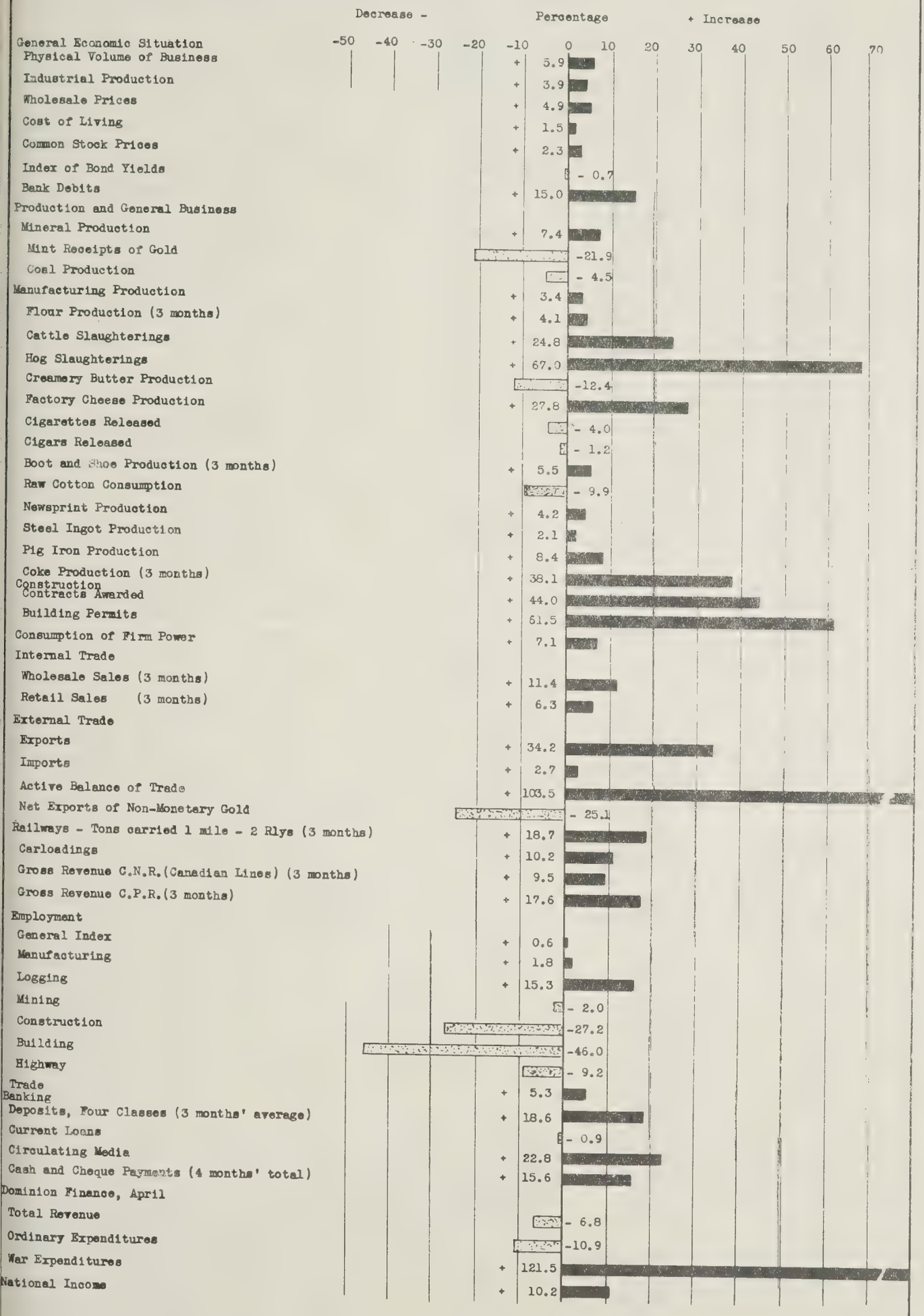
THE ECONOMIC SITUATION IN CANADA

for the First Four Months of 1944

as compared with the same period of last year



Dominion Bureau of Statistics.

Fifteen items recorded decline, while thirty-eight showed increases.

Table 1. Statistics Illustrating the Economic Situation of Canada for the First Four Months of 1944 compared with the same period of last year.

	Unit of Base Period	First Four Months 1944	First Four Months 1943	Per cent Increase + Decrease -
General Economic Situation				
Index of Physical Volume of Business	1935-39=100	244.0	230.4	+ 5.9
Index of Industrial Production	1935-39=100	276.9	266.5	+ 3.9
Wholesale Prices	1926=100	102.8	98.0	+ 4.9
Cost of Living	1935-39=100	119.0	117.2	+ 1.5
Index of Common Stock Prices	1935-39=100	81.0	79.2	+ 2.3
Index of Bond Yields	1935-39=100	97.3	98.0	- 0.7
Bank Debits	$ 000	18,054,945	15,694,067	+ 15.0
Production and General Business				
Mineral Production	1935-39=100	253.8	236.3	+ 7.4
Gold Receipts at Mint	Fine Ozs.	1,024,617	1,312,045	- 21.9
Coal Production	Tons	5,871,531	6,147,904	- 4.5
Manufacturing Production	1935-39=100	300.0	290.1	+ 3.4
Flour Production (3 months)	Bbls.	6,396,205	6,146,803	+ 4.1
Cattle Slaughterings	No.	571,568	458,135	+ 24.8
Hog Slaughterings	No.	3,600,610	2,156,248	+ 67.0
Creamery Butter Production	Lbs.	55,743,278	63,639,650	- 12.4
Factory Cheese Production	Lbs.	15,675,740	12,265,010	+ 27.8
Cigarettes released	No.	3,703,189,092	3,858,883,636	- 4.0
Cigars released	No.	65,888,955	66,692,347	- 1.2
Leather Boots and Shoes (3 months)	Pairs	7,691,531	7,292,750	+ 5.5
Raw cotton consumption	Lbs.	58,162,082	64,587,318	- 9.9
Paper and Lumber -				
Newsprint Production	Tons	971,108	931,779	+ 4.2
Iron and Steel -				
Steel Ingot Production	Short Ton	1,008,402	987,915	+ 2.1
Pig Iron Production	Short Ton	612,417	565,154	+ 8.4
Coke Production (3 months)	Short Ton	1,032,608	747,611	+ 38.1
Construction -				
Contracts awarded	$	83,727,200	58,161,200	+ 44.0
Building Permits (58 municipalities)	$	22,166,195	13,721,141	+ 61.5
Consumption of firm power	000 K.W.H.	12,195,425	11,385,819	+ 7.1
Internal Trade -				
Wholesale Sales (3 months)	1935-39=100	170.7	153.2	+ 11.4
Retail Sales (3 months)	1935-39=100	145.8	137.1	+ 6.3
External Trade -				
Exports	$ 000	1,051,880	783,657	+ 34.2
Imports	$ 000	553,012	538,530	+ 2.7
Active Balance of Trade	$ 000	+ 498,868	+ 245,127	+ 103.5
Net Exports of Non-Monetary gold	$ 000,000	39.7	53.0	- 25.1
Railways - Tons carried 1 mile - (3 months) 2 Rlys.	000,000 tons	14,207	11,967	+ 18.7
Carloadings	No.	1,157,887	1,051,139	+ 10.2
Gross Revenue C.N.R. (Canadian Lines) (3 months)	$	92,120,400	84,107,300	+ 9.5
Gross Revenue C.P.R. (3 months)	$	74,932,863	63,695,743	+ 17.6
Employment - Unadjusted				
General Index	1926=100	182.8	181.7	+ 0.6
Manufacturing		226.4	222.3	+ 1.8
Logging		260.8	226.1	+ 15.3
Mining		158.5	161.7	- 2.0
Construction		90.9	124.8	- 27.2
Building		96.8	179.2	- 46.0
Highway		91.9	101.2	- 9.2
Trade		161.9	153.8	+ 5.3
Banking -				
Deposits, four Classes (3 months' average)	$ 000	4,285,876	3,614,616	+ 18.6
Current Loans	$ 000	974,516	983,725	- 0.9
Circulating Media	$ 000,000	846.7	689.4	+ 22.8
Cash & Cheque Payments (4months' Total	$000,000	24,900	21,542	+ 15.6
Dominion Finance - April -				
Total Revenues	$	165,645,867	177,774,306	- 6.8
Ordinary Expenditures	$	28,756,048	32,282,553	- 10.9
War Expenditures	$	303,419,366	136,994,975	+ 121.5
United Nations Mutual Aid (1943)	$	57,574,104	-	-
National Income (Tentative Computation)	$ 000,000	2,845	2,581	+ 10.2

Fifteen items recorded declines, while thirty-eight showed increases.

SECTION II. NATIONAL INCOME

National Income of the United States

Recent estimates of national income published in the United States by the Department of Commerce in the April "Survey of Current Business" are given in the accompanying Tables for comparison with Canadian totals.

"The national income, composed of the earnings of the labor and capital employed in the productive process, reached" says the Survey "a new record total of 147.9 billion dollars in 1943. This aggregate exceeded the previous year's total of 121.6 billion by 22 per cent and was more than double the national income in 1939.

Four-fifths of the 26.4 billion increase between 1942 and 1943 may be traced to the three branches of the income stream most directly affected by the large volume of Government war spending: wages and salaries in manufacturing, Federal Government pay rolls (including pay of the armed forces), and net income of farm operators. This pattern of income expansion was similar to that in 1942, when these three components accounted for nearly three-fourths of the 25 billion rise in the total. The extent of their disproportionate increase is indicated by the fact that they constituted only one-third of the total national income in 1941.

The quarterly estimates reveal that during 1943 the national income continued the uniterrupted advance that began in the second quarter of 1938, the fourth quarter flow attaining an annual rate of 153.5 billions. However, the rate of expansion of national income - like that of national product-slakened materially during the year, reflecting primarily a tapering off in the expansion of the three components that have dominated the flow of income since the initiation of the Nation's rearmament program in 1940. The national income rose at successively sharper rates throughout the quarters of 1942, but in each of the first three quarters of 1943 the rate of gain declined. The 2.4 per cent rise from the third to the fourth quarter, though reflecting a very slight reversal of this trend, was only two-fifths the average quarterly rate of increase in 1942 and substantially less than the corresponding average of 3.9 per cent for the first three quarters of 1943.

Approximately 70 per cent of the total 1943 increase in private nonagricultural wages and salaries was, however, the direct result of the increase in average salary-wage within the various industrial components. It must be emphasized, of course, that the increase in average salary-wage in each industry is not solely the result of increased wage rates; rather, it is a composite result of changes in basic wage rates, hours of work, premium rates for overtime work, the occupational distribution of employment within each industry, including the results of upgrading, and other factors. It should be noted that, while wage rate increases granted in 1943 were moderate, those initiated in 1942 had their first full year of operation in 1943 and were a major influence behind the increase in total wage and salary payments in that year.

Total wages and salaries increased 21.6 billion dollars in 1943, slightly more than the 19.7 billion increase recorded in 1942. The 1943 aggregate of 102.0 billion was more than double the peace-time level of 1940. Owing to the rapid expansion of the armed forces, government pay rolls accounted for 8.5 billions, or 39 percent, of the total increase in 1943.

In the nongovernmental sphere, excluding agriculture, wages and salaries rose 12.8 billions, compared to an increase of 14.1 billions in 1942. Whereas in 1942 nearly one-third of the increase in pay rolls in this portion of the economy was ascribable to increased employment only an estimated 16 percent of the 1943 increase could be credited to this factor. Shifts in the composition of employment towards industries in which earnings are relatively high - chiefly the metals, machinery, and transportation equipment component of manufacturing, and transportation - continued to exert a moderate upward influence on total pay rolls.

Taking the increase in manufacturing pay rolls alone, which comprised 79 per cent of the increase in private nonagricultural salaries and wages from 1942 to 1943, one finds that employment increases, secured at the expense of declines in nearly all other industries except transportation and the Federal Government, were responsible for nearly one-half the 10.1 fillion dollar increase in total manufacturing pay rolls".

TABLE A - NATIONAL INCOME BY DISTRIBUTIVE SHARES, 1932 - 43

(Millions of dollars)

Type of Share	1932	1933	1934	1935	1936	1937	1938	1939	1940	1941	1942	1943
Total national income	39,963	42,322	49,455	55,719	64,924	71,513	64,200	70,829	77,574	96,857	121,568	147,927
Total compensation of employees	31,661	29,831	34,475	37,509	43,024	48,262	45,105	48,075	52,288	64,489	83,771	105,249
Total salaries and wages	31,027	28,698	32,596	35,616	39,970	44,989	41,181	44,236	48,622	60,810	80,477	102,048
Salaries and wages in private industry	26,056	24,246	27,979	30,590	34,508	39,267	35,183	37,990	41,851	52,587	66,921	80,024
Salaries and wages in governmental agencies[1]	4,971	4,452	4,617	5,026	5,462	5,722	5,998	6,246	6,771	8,223	13,556	22,024
Total supplements to salaries and wages	634	1,133	1,879	1,893	3,054	3,273	3,924	3,839	3,666	3,679	3,294	3,201
Work-relief wages[2]	132	656	1,387	1,329	2,155	1,639	2,094	1,870	1,577	1,213	586	58
Social Security contributions of employers[3].	-	-	-	-	303	1,020	1,185	1,206	1,358	1,686	1,953	2,288
Other labor income[4]	502	477	492	564	596	614	645	683	731	780	755	855
Net income of incorporated business.....	- 3,646	- 625	549	1,668	3,767	3,943	1,658	4,228	5,844	8,519	8,392	8,938
Dividends	2,727	2,193	2,725	2,931	4,655	4,745	3,172	3,806	4,046	4,511	3,969	4,029
Corporate savings	- 6,373	-2,818	-3,176	-1,263	- 888	- 802	-1,514	422	1,798	4,008	4,423	4,909
Net income of proprietors[5]	4,840	6,549	7,526	9,476	10,870	11,919	10,122	11,151	11,989	15,838	20,574	23,893
Agriculture	1,488	2,224	2,667	4,088	4,401	5,086	4,013	4,291	4,362	6,278	9,703	12,301
Other	3,361	4,325	4,859	5,388	6,469	6,833	6,109	6,860	7,627	9,560	10,871	11,592
Interest	5,628	5,110	5,176	5,106	5,130	5,146	5,068	5,085	5,129	5,250	5,472	6,041
Net rates and royalties	1,171	1,457	1,729	1,960	2,133	2,243	2,247	2,290	2,324	2,761	3,359	3,806
Addendum: Net income of incorporated business. before Federal taxes	-3,364	- 208	1,135	2,403	4,958	5,219	2,518	5,460	8,388	15,721	19,869	23,671

1. Excludes subsistence to members of the armed forces.
2. Includes pay rolls and maintenance of Civilian Conservation Corps enrollees and pay rolls of Civil Works Administration, Federal Emergency Relief Administration, and the Federal Works Program projects plus administrative pay rolls outside of Washington, D.C., for all except the Federal Works Program. Area office employees and their pay rolls under the Federal Works Program are included with the regular Federal Government employment and pay-roll figures.
3. Includes contributions to Railroad Retirement and Railroad Unemployment Compensation Funds.
4. Employer contributions to pension funds under private plans and under system for Government employees, compensation for industrial injuries, etc.
5. Includes owners' remuneration for personal services and capital.

Source: Survey of Current Business, April, 1944, page 15.

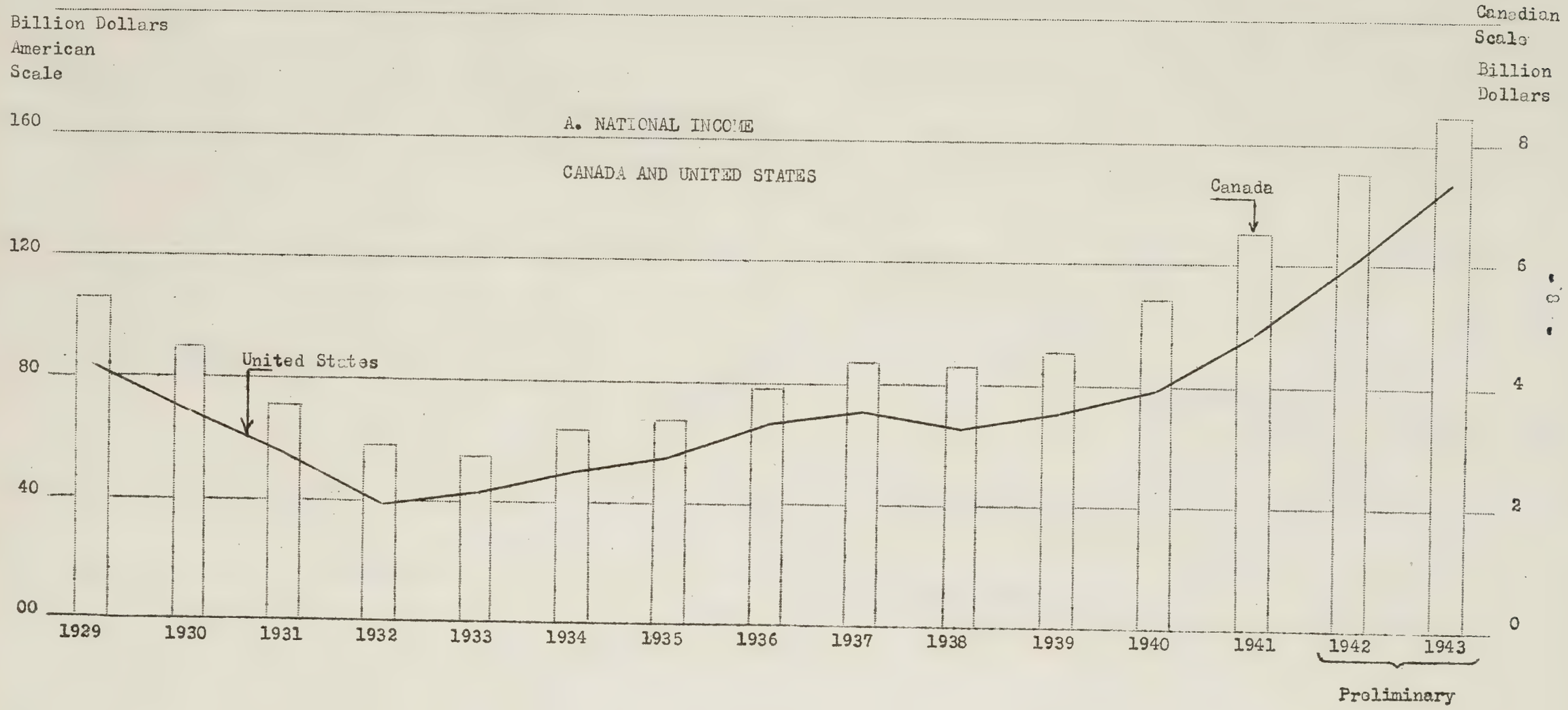
TABLE B - NATIONAL INCOME, BY INDUSTRIAL DIVISIONS, 1932 - 43

(Millions of dollars)

Industrial division	1932	1933	1934	1935	1936	1937	1938	1939	1940	1941	1942	1943
Total national income	39,963	42,322	49,455	55,719	64,924	71,513	64,200	70,829	77,574	96,857	121,568	147,927
Agriculture	2,354	2,992	3,474	4,963	5,331	6,106	4,973	5,230	5,313	7,377	11,079	13,993
Mining, total	539	605	990	1,025	1,398	1,729	1,218	1,348	1,580	1,946	2,234	2,460
Anthracite coal	141	130	160	132	136	128	104	117	127	152	176	199
Bituminous coal	247	273	426	449	531	566	467	503	615	786	960	1,066
Other	151	202	404	444	731	1,035	647	728	838	1,008	1,098	1,195
Manufacturing, total	6,217	8,410	10,803	12,790	15,611	18,016	13,570	16,965	20,215	28,497	37,314	48,096
Food, beverages, and tobacco	1,419	1,580	1,933	2,007	2,249	2,284	2,192	2,379	2,486	2,910	3,319	3,764
Paper, printing and publishing	1,11[illegible]	1,166	1,366	1,490	1,676	1,876	1,619	1,729	1,889	2,192	2,213	2,468
Textiles and leather	1,204	1,869	2,004	2,300	2,542	2,610	2,175	2,711	2,846	3,980	4,543	5,007
Construction materials and furniture	346	567	785	997	1,343	1,590	1,244	1,531	1,800	2,410	2,659	2,86[illegible]
Chemicals and petroleum refining	621	753	899	1,021	1,249	1,474	1,145	1,482	1,801	2,400	2,970	2,515
Metals, machinery, and transportation equipment	1,290	2,128	3,333	4,392	5,849	7,403	4,573	6,292	8,441	13,236	19,888	28,246
Rubber and miscellaneous	227	347	483	583	703	779	622	841	952	1,369	1,722	2,236
Contract construction	854	541	668	879	1,447	1,793	1,771	1,942	2,153	3,565	5,676	4,326
Transportation, total	3,634	3,606	3,798	4,084	4,767	5,080	4,323	4,950	5,381	6,414	8,090	9,548
Steam railroads, Pullman and express	2,086	2,120	2,230	2,409	2,835	2,986	2,458	2,830	3,096	3,839	5,042	5,665
Water transportation	254	280	304	362	423	492	396	479	540	597	630	911
Street railways	428	371	379	353	397	382	331	348	348	349	436	523
Motor transportation, public warehouses and other transportation	866	835	885	960	1,112	1,220	1,138	1,293	1,397	1,629	1,982	2,449
Power and gas	1,097	1,027	1,128	1,153	1,244	1,405	1,370	1,459	1,587	1,652	1,573	1,616
Communication	726	639	680	724	778	862	865	925	937	1,007	1,050	1,160
Trade, total	5,552	6,322	7,428	8,153	9,426	10,439	9,823	10,956	12,096	14,840	15,879	17,424
Retail	3,812	4,253	5,072	5,466	6,256	6,932	6,484	7,135	7,904	9,626	10,230	11,385
Wholesale	1,740	2,069	2,356	2,687	3,170	3,507	3,339	3,821	4,192	5,214	5,649	6,039
Finance, total	5,300	4,768	5,132	5,680	6,483	6,897	6,691	6,796	6,983	7,687	8,444	9,222
Banking	624	485	563	711	830	967	927	978	1,094	1,243	1,359	1,469
Insurance	955	905	960	1,026	1,097	1,224	1,216	1,193	1,152	1,179	1,277	1,307
Security borkerage and real estate	3,721	3,373	3,609	3,943	4,556	4,706	4,548	4,625	4,737	5,265	5,808	6,446
Government, total 1	6,557	6,631	7,652	7,980	9,291	9,114	9,869	9,987	10,303	11,469	16,416	25,126
Federal[1]	2,228	2,683	3,720	3,905	4,997	4,623	5,143	5,169	5,367	6,433	11,313	5,231
State, country, local and public	4,329	3,948	3,932	4,075	4,294	4,491	4,726	4,818	4,936	5,036	5,103	5,231
Service	4,730	4,589	5,183	5,596	6,254	6,904	6,657	7,027	7,545	8,396	9,511	10,340
Miscellaneous	2,403	2,192	2,519	2,692	2,894	3,168	3,070	3,244	3,481	4,007	4,302	4,616

1 Includes work-relief wages shown separately in table 15; excludes subsistence to members of the armed forces.

Source: Survey of Current Business, April, 1944, page 15.


Billion Dollars
American
Scale
Canadian
Scale
Billion
Dollars
A. NATIONAL INCOME
CANADA AND UNITED STATES
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Canada
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1934
1935
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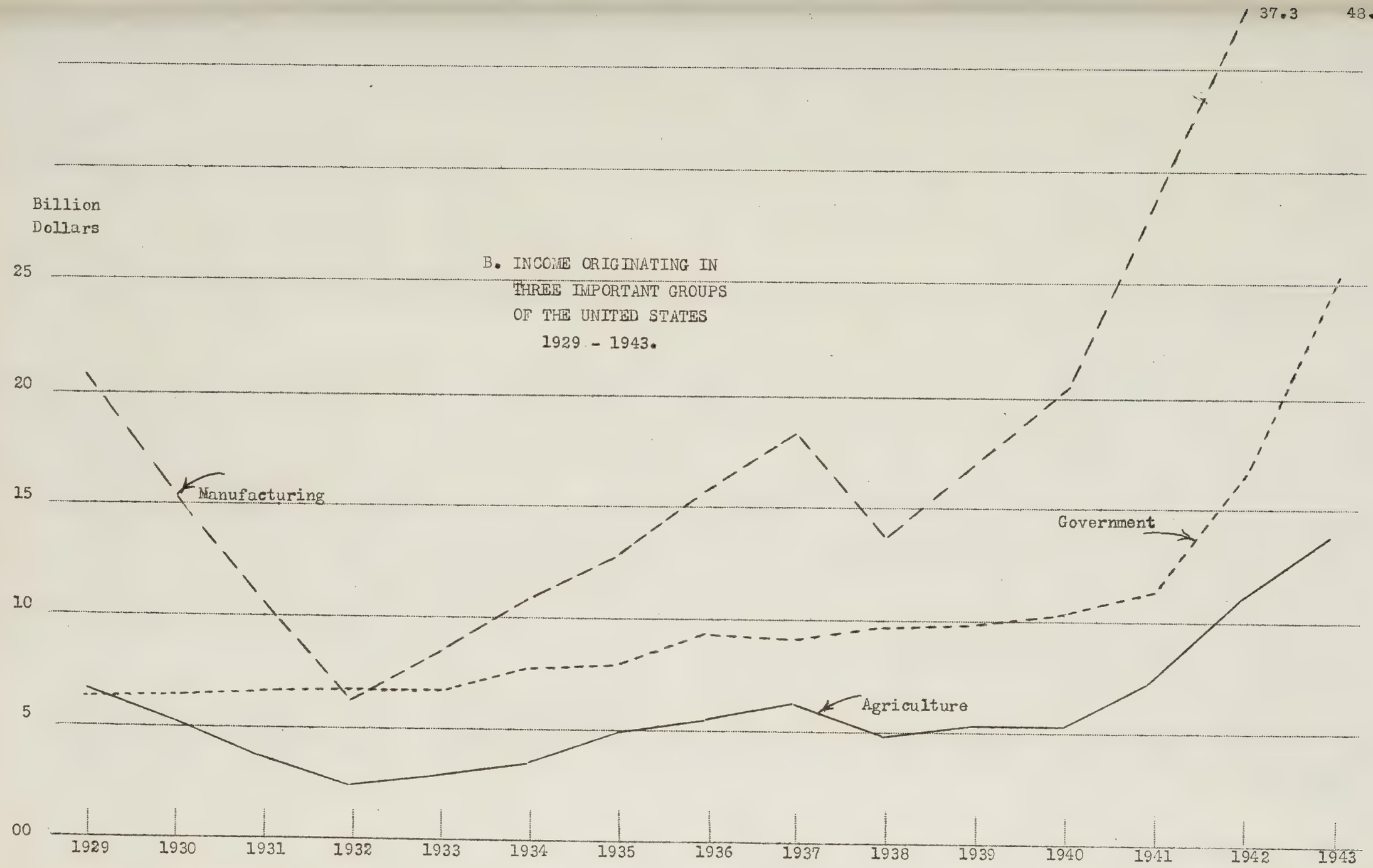
1942
1943
Preliminary


37.3
48.1
Billion
Dollars
B. INCOME ORIGINATING IN
THREE IMPORTANT GROUPS
OF THE UNITED STATES
1929 - 1943.
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00
Manufacturing
Government
Agriculture
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1930
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1933
1934
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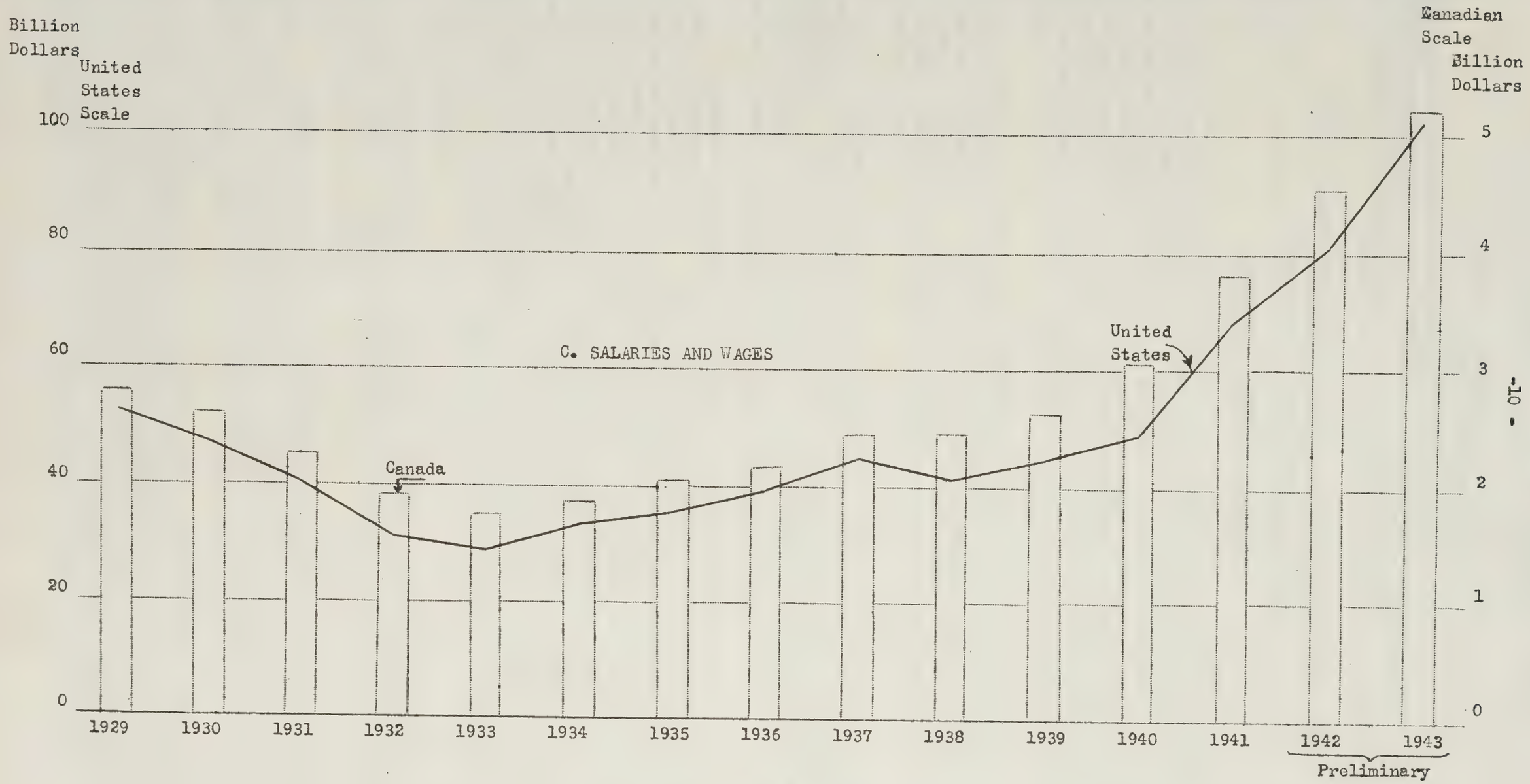
1942
1943


Billion Dollars
United States Scale
Canadian Scale Billion Dollars
100
80
60
40
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5
4
3
2
1
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C. SALARIES AND WAGES
Canada
United States
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1930
1931
1932
1933
1934
1935
1936
1937
1938
1939
1940
1941
1942
1943
Preliminary

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ECONOMIC CONDITIONS IN CANADA DURING THE FIRST FIVE MONTHS OF 1944 COMPARED WITH THE SAME PERIOD OF 1943

SECTION I. ECONOMIC CONDITIONS

Six major factors indicating the trend of economic conditions averaged higher during the first five months of 1944 than in any other similar period. Productive operations and the deposit liabilities of the banks rose to a new high position in history. Wholesale prices having passed through the line of parity with the base year of 1926 were at a higher position than at any time since the 1920's. The advance since the beginning of the war especially to November, 1941, was pronounced. An upward trend of moderate proportions has been indicated since that time. The marked reaction between 1929 and 1933 has consequently been more than counterbalanced. The index of wholesale prices averaged 102.7 in the first five months against 98.3 in the same period of 1943.

While common stock prices recorded an advance in recent weeks the average for the first five months was less than 1 per cent greater than in the same period of 1943. The average of the index on the base of 1935-1939 was 80.8 against 80.1 in the same period last year. Dominion bond prices were markedly stable during the period under review. The index of Dominion bond yields was slightly lower in the first five months, indicating a somewhat higher price level.

The deposit liabilities of the banks rose to a new high point at the beginning of May, the total having been $4,506 million. During May the demand deposits receded from $1,987 million to $1,711 million, while the notice deposits dropped from $2,254 million to $2,094 million. The decline in the two classes of deposits was due in large measure to the heavy payments on the 6th Victory Loan. The increase in bank deposits was pronounced from the outbreak of hostilities to the present time.

Productive operations as measured by the index of the physical volume of business recorded an increase of more than 5 per cent over the same period of 1943. The index averaged 242.2 against 230.7. The index recorded expansion over each of the first five months but the maximum shown in December at 248.8 has not been exceeded. Each of the five main components of the general index recorded advances in this comparison. The gain in the index of mineral production was 5.4 per cent despite the decline in the gold receipts at the Mint and in coal production. The index of manufacturing production was 2.7 per cent greater, the standing in the first five months of 1944 having been 297.2. A considerable gain was recorded in the operations of the meat-packing industry, the increase in hog slaughterings having been 62.6 per cent. The output of factory cheese was at the high level of 35.6 million pounds against 27.1 million. The release of cigarettes and cigars continued at a high level, but a slight recession was shown from the first five months of 1943. The release of cigarettes was 4,592 million while 83.7 million cigars were made available.

The primary iron and steel industry operated at high levels, the output of steel ingots having shown an increase of 1 per cent, while in pig iron production a gain of 9.4 per cent was recorded. Newsprint production was 1,234,000 tons a gain of 4 per cent over the same period of last year.

A marked gain was recorded in the new business obtained by the construction industry, contracts awarded in the first five months having been 41.4 per cent greater than in the same period of 1943. The gain in building permits was 73.5 per cent. For the first half of 1944 contracts awarded amounted to $152.7 million, almost 50 per cent greater than the $102 million placed during the same period of 1943.

Electric power production was 3,585 million kilowatt hours in May against 3,503 million in the same month last year. Gains were recorded month by month from January to May over the same period of last year. The distribution of commodities through wholesale and retail outlets recorded considerable increase in the present year over the same months of 1943. The index of wholesale sales during the first four months averaged 170.6 against 155.8, a gain of 9.5 per cent. The increase in retail sales was about 6.2 per cent, the index averaging 153.4.

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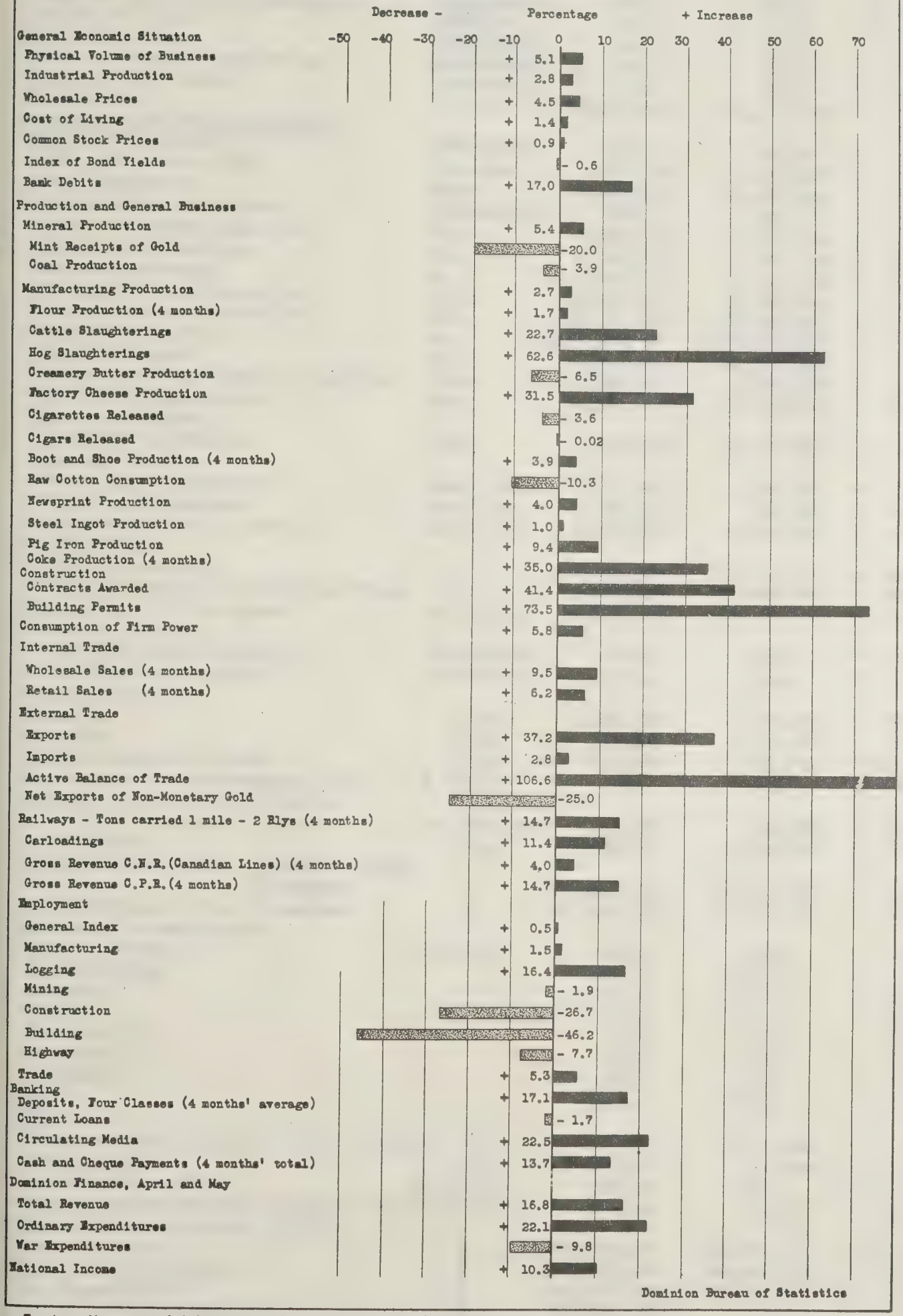
THE ECONOMIC SITUATION IN CANADA

for the First Five Months of 1944

as compared with the same period of last year



Fourteen items recorded decline, while thirty-nine showed increases.

Table 1. Statistics Illustrating the Economic Situation of Canada for the First Five Months of 1944 compared with the same period of last year.

	Unit of Base Period	First Five Months 1944	First Five Months 1943	Per Cent Increase + Decrease -
General Economic Situation				
Index of Physical Volume of Business	1935-39=100	242.4	230.7	+ 5.1
Index of Industrial Production	1935-39=100	274.3	266.7	+ 2.8
Wholesale Prices	1926=100	102.7	98.3	+ 4.5
Cost of living	1935-39=100	119.0	117.4	+ 1.4
Index of Common Stock Prices	1935-39=100	80.8	80.1	+ 0.9
Index of Bond Yields	1935-39=100	97.3	97.9	- 0.6
Bank Debits	$ 000	24,707,660	21,117,778	+ 17.0
Production and General Business				
Mineral Production	1935-39=100	250.8	238.0	+ 5.4
Gold Receipts at Mint	Fine Ozs.	1,295,115	1,619,495	- 20.0
Coal Production	Tons	7,161,254	7,448,523	- 3.9
Manufacturing Production	1935-39=100	297.2	289.4	+ 2.7
Flour Production (4months)	Bbls.	8,344,742	8,204,158	+ 1.7
Cattle Slaughterings	No.	763,370	622,013	+ 22.7
Hog Slaughterings	No.	4,456,416	2,740,710	+ 62.6
Creamery Butter Production	lbs.	89,662,220	95,844,824	- 6.5
Factory Cheese Production	lbs.	35,621,150	27,078,917	+ 31.5
Cigarettes released	No.	4,592,278,797	4,766,022,332	- 3.6
Cigars released	No.	83,661,482	83,677,248	- 0.02
Leather Boots and Shoes (4 months)	Pairs	10,140,191	9,764,149	+ 3.9
Raw cotton consumption	lbs.	72,046,746	80,339,205	- 10.3
Paper and Lumber -				
Newsprint Production	Tons	1,233,575	1,185,825	+ 4.0
Iron and Steel -				
Steel Ingot Production	Short Ton	1,271,833	1,259,652	+ 1.0
Pig Iron Production	Short Ton	787,624	719,900	+ 9.4
Coke Production (4 months)	Short Ton	1,370,608	1,015,131	+ 35.0
Construction -				
Contracts awarded	$	115,421,700	81,648,100	+ 41.4
Building Permits (58 municipalities)	$	35,794,589	20,633,620	+ 73.5
Consumption of firm power	000 K.W.H.	15,225,338	14,397,476	+ 5.8
Internal Trade -				
Wholesale Sales (4 months)	1935-39=100	170.6	155.8	+ 9.5
Retail Sales (4 months)	1935-39=100	153.4	144.4	+ 6.2
External Trade -				
Exports	$ 000	1,422,729	1,036,964	+ 37.2
Imports	$ 000	712,050	692,923	+ 2.8
Active Balance of Trade	$ 000	+ 710,679	+ 344,041	+ 106.6
Net Exports of Non-Monetary gold	$ 000,000	49.1	65.5	- 25.0
Railways - Tons carried 1 mile - (4 months) 2 Rlys.	000,000 tons	18,965	16,538	+ 14.7
Carloadings	No.	1,475,903	1,324,509	+ 11.4
Gross Revenue C.N.R. (Canadian Lines) (4 months)	$	122,982,800	118,268,800	+ 4.0
Gross Revenue C.P.R. (4 months)	$	100,804,707	87,856,683	+ 14.7
Employment - Unadjusted				
General Index	1926=100	181.9	181.0	+ 0.5
Manufacturing		225.8	222.5	+ 1.5
Logging		241.2	207.3	+ 16.4
Mining		157.9	160.9	- 1.9
Construction		90.2	123.0	- 26.7
Building		94.2	175.2	- 46.2
Highway		93.5	101.3	- 7.7
Trade		161.6	153.4	+ 5.3
Banking -				
Deposits four Classes(4 months'average)	$000	4,340,971	3,706,894	+ 17.1
Current Loans	$000	947,631	964,049	- 1.7
Circulating Media	$ 000,000	868.8	709.1	+ 22.5
Cash & Cheque Payments (4months' total)	$000,000	25,049	22,024	+ 13.7
Dominion Finance - April and May				
Total Revenues	$	447,190,985	382,908,371	+ 16.8
Ordinary Expenditures	$	102,988,038	84,329,243	+ 22.1
War Expenditures	$	372,567,249	413,072,448	- 9.8
United Nations Mutual Aid	$	68,913,385	-	-
National Income (Tentative Computation)	$ 000,000	3,710	3,364	+ 10.3

Fourteen items recorded declines, while thirty-nine showed increases.

1. OPERATING ACCOUNTS OF PRIMARY PRODUCTION AND PROCESSING, 1942.

$000

		Agriculture (a)	Forestry (b)	Fisheries (c)	Trapping (d)	Mining (e)	Electric Power (f)	Total (g)
Salaries and wages	(1)	95,483	207,580	16,302	712	198,550	34,286	552,913
No pay allowances	(2)	64,064	124	198	-	-	-	64,386
Net dividends	(3)	-	6,885	445	-	96,157	21,436	124,923
Mortgage interest paid to individuals	(4)	19,829	-	-	-	-	-	19,829
Net Interest	(5)	-	9,994	57	-	1,544	35,203	46,798
Withdrawals	(6)	730,528	16,252	27,530	13,939	8,056	-	796,305
Net Payment to individuals	(7)	908,904	240,835	44,532	14,651	304,307	10,925	1,605,154
Positive savings	(8)	414,422	20,412	7,071	-	5,786	27,354	475,045
Income originating	(9)	1,324,326	261,247	51,603	14,651	310,093	118,279	2,080,199

The major group of primary production and processing embraces the activities based upon the development and use of natural resources. Six industries are included in the compilation. Agriculture includes fur farming and the woods operations of the farmer on his own property. Dairy activities are limited to the production of milk, butter and cheese on the farms. Forestry includes the operations of the sawmilling and pulp and paper industries as well as woods operations other than those of the farmer on his wood lot. Fish canning and curing plants, as well as primary operations, are included in the fisheries group. The activities of trappers and hunters constitute the trapping industry to the exclusion of fur farming.

As the final product is the first to which a commercial value is assigned, the processing industries of non-ferrous smelting and refining, cement, clay products, lime and salt are included in mining. The electric power industry coincides with central electric stations as annually reported by the Bureau.

(a) The income originating in agriculture and fisheries is computed by deducting from the gross operating revenues, the sum of the cost of commodities and services obtained from other enterprises and depreciation charges. The contribution of forestry, mining, and electric power consists of the sum of the income payments to individuals and business savings.

(b) Wages paid by farm operators were estimated by the Agriculture Branch of the Dominion Bureau of Statistics. The total was based on returns from crop correspondents. Salaries and wages paid in the processing phases of forestry and fisheries are given in annual census reports. The remuneration of employees in woods operations other than on farms, primary fishing and trapping are based mainly on decennial census returns with interpolation according to data prepared annually by the Forestry and Animal Products Branches of the Bureau. The pay-rolls of the mining and electric power groups are taken directly from annual census reports.

(c) The living allowances of so-called unpaid labour occupied on farms were derived from annual and decennial census data. The numbers were obtained from the decennial census of 1941. The board allowances of farm labourers was useful in estimating the rates of remuneration. The numbers were interpolated by means of an index of the area of field crops. "No pay" allowances were also estimated for primary forestry and fisheries.

(e) and (f). Net dividends and interest on bonds and debentures were collected for forestry, fisheries, mining and electric power. The basic data were obtained by means of a questionnaire sent to the operating firms supplemented by information for large firms obtained from the Research Department of the Bank of Canada. The results are given without deduction of the international balance on dividends and interest, that is, the excess of the entire outward payments over the receipts of Canadian residents holding securities of other countries.

(g) The number of farm operators was given by the industrial division of the decennial census for the year 1941. The rates were established at a differential over the wage rate. Withdrawals were also estimated for other industries in the group, except electric power. Income payments to individuals is the sum of lines (2) to (7).

(h) The positive savings, except in fisheries and agriculture, were obtained through the above-mentioned questionnaire, and, in the case of electric power, an additional source of information was reports of Provincial and Municipal Hydro-Electric Commissions.

AGRICULTURE

The place of agriculture in the Canadian economy is fundamental in many respects. Favoured by outstanding natural resources, the industry has contributed in full measure to the present structure of Canadian life.

A large proportion of the material required to estimate the income of farm operators, including cash sales, inventory changes, income in kind, and expenses, has been furnished in detail by the Agriculture Branch of the Dominion Bureau of Statistics, and a detailed statement of sources and methods in this connection will shortly be made available. Information with regard to bonuses and other governmental payments to farmers, including payments under the Wheat Acreage Reduction Plan, Prairie Farm Income Act and Prairie Farm Assistance Act were furnished in part by the Agricultural Economics Branch of the Department of Agriculture.

The plan adopted was to deduct from the sum of each income from sales, income in kind, including imputed rents, changes in farm grain and livestock inventories and governmental payments not included elsewhere, the expenses of operation, exclusive of wages and mortgage interest going to individuals, which are considered as distributive payments rather than expenses.

Imputed rents on farm dwellings were included in the revenues in accordance with the method adopted by the Bureau. Subsidies paid to agriculture, amounting to about $88 million in 1942, were included directly in the case of cash bonuses, etc. and, indirectly where the effect of the subsidy was to increase reported prices or decrease expenses. Farm grain and livestock accumulations in 1942 were substantial, amounting to over $388 million.

FORESTRY

The plan adopted in regard to the computation of income originating in forestry was the summation of payments to individuals and the savings of working proprietors and incorporated companies. The number of employees engaged in primary forestry was placed at 83,120 in 1941, being based on material furnished by the Forestry Branch. This amount excludes the operations of farmers working part time in the woods. Corresponding data are not yet available for 1942. Consequently, the index of employment in logging published by the Employment Branch of the Bureau was used to extend the number. The employment index rose from 187.8 in 1941 to 196.5 in 1942, resulting in an estimate of 86,971 employees in logging.

The annual full-time rate was placed at $924 in 1941. The index of the rate of wages in logging and sawmilling combined, advanced 11 p.c. in 1942 from the preceding year and the corresponding increase was attributed to the fulltime rate in the national income calculations, placing the total for 1942 at $1,016. The product of the estimated number and rates gave the wages paid in 1942 as $88,362,000.

The annual Census of Industry gave the total of salaries and wages paid in sawmilling establishments in 1942 at $49,562,000, the total for the pulp and paper industry being reported at $69,656,000.

The preliminary estimate of the Census Branch placed the number of working proprietors engaged in logging at 5,000 in 1941 and the same estimate was used for 1942. The rate was placed at 11 p.c. over 1941. The estimated withdrawals were, therefore, 5,000 multiplied by 1.11 x $1,186, equalling $6,582,000.

The number of working proprietors in the secondary division of the forestry industry was extrapolated from 1931 on the basis of the number of establishments reporting. An extension of this process gave the number in 1942 as 3,037. The numbers having been multiplied by the estimated rate, the extended withdrawals were estimated at $9,670,000. The living allowances of no-pays in the forestry operations were placed at $124,000, unchanged from the preceding year. A questionnaire distributed to the corporations operating in forestry gave for the year 1942 net dividends of $6,885,000 and interest of $9,994,000. These totals consisted of the difference between payments and receipts by the firms operating. The positive or negative savings resulting from the same enquiry were $11,937,000 and the savings of working proprietors were estimated at $8,475,000. The net result of the computation described above was an amount of $261,247,000 as income originating in forestry.

FISHERIES

The fisheries industry as contemplated here, consists of the primary and secondary division. The statistics of the catch and of the products marketed in the fresh or prepared state are collected by the local fishery officers, verified by the Dominion or Provincial departments, and co-ordinated and compiled by the Animal Products Branch of the Bureau. The sum of the value of the fisheries and the cost of fish used in factories is regarded as the gross revenue of the industry. The former is given historically in Table 15 on page 45 of the Bureau report on Fisheries Statistics, 1941. The totals include the value of fish sold by fish canning and curing plants as well as the sales of fishermen, other than to such processing establishments.

The cost of fish used by the secondary phase of the industry is presented in Part 2 of the same report. The sum of the value of the fisheries shown in Table 7 and the cost of fish used as recorded in Part 2 (a), pages 184 to 185 is regarded as the gross revenue of the industry. Deducting the cost of materials, fuel and electricity from the gross revenue, we have the value added. The cost of materials and fuel and electricity are taken from Part 2 (a) and (c). The percentage of miscellaneous expenses to the net revenue was determined by a study of collected data by the manufactures census. The breakdown for the period was as follows: office rent, insurance, taxes, royalties, advertising, repairs, travelling and sundry. The average ratio to the net value of factory output was 7 p.c. The capital equipment for primary operations consists of vessels, boats, nets, traps, piers, wharves and other durable equipment. The depreciation rate in view of heavy losses by storms was placed at 16 p.c. Six p.c. of the value of the land, buildings, machinery and tools utilised by the fish processing plants gives the depreciation for the secondary division.

The difference between the gross national product and the depreciation summated for both phases of the industry is regarded as the income originating. The net dividends and interest were obtained by an enquiry sent to incorporated firms. The statistics of salaries and wages and no-pay allowances were computed from information given in the report on Fisheries for 1942. The remuneration of working proprietors in primary fisheries was based partly on the numbers as given in the decennial census reports. The extrapolation was affected by means of the total number of fishermen reported in the "Fisheries Statistics". The employee rate, the computation of which is described above, was also used in this connection. The number of working proprietors in fish curing and packing plants was also based on decennial census results for abutments, extrapolation being affected by means of the number of establishments. The income originating in the fishery industry was placed at $51,603,000 for the year 1942.

TRAPPING

While at present one of the smallest of the industrial groups, trapping has a background of great historical significance. The fur trade of Canada had an important bearing on the whole process of exploration and settlement .

The annual survey of raw fur production as communicated by licensed fur traders was inaugurated in 1920 by the Dominion Bureau of Statistics. In later years the reports have been based on records of royalties, exports, taxes and so forth, made available by the provincial and territorial game departments. The fur trade draws its supply of Canadian pelts from both the wild life resources and the fur farms, the latter being operated under provincial licenses and according to provincial regualtions. As the operations of fur farms cannot be readily segregated for the most part from farming generally, it was decided to regard such activities as a part of the agricultural industry. The gross value of production was obtained by deducting the value of the pelts sold from fur farms from the total value of fur production during the fur year terminating at the end of the next June. The difference indicated for Prince Edward Island was arbitrarily reduced as the derived value given for the wild life was believed excessive. The Dominion total was correspondingly reduced giving effect to the adjustment. The residuals were regarded as the gross value of production, a starting point in estimating the income originating in the trapping industry.

General expenses were roughly estimated as a percentage of the gross revenue. No allowance was made for depreciation, and the gross national product, obtained by deducting the general expenses from the net revenue, was consequently regarded as equivalent to the income originating. As the gross revenue was placed at $20,060,000 in 1942 the income originating in trapping was computed at $14,651,000.

MINING

The annual census of mineral production conducted by the Dominion Bureau of Statistics is the main source of basic data in determining the income originating in mining The principal statistics and considerable information regarding the operations of the mining concerns were collected by the Mining, Metallurgical and Chemical Branch for 1942.

The number of persons gainfully occupied in mining was reported by the decennial census of 1941 under the industrial classification as 100,666. Deducting 7,140 on active service, the net working force was 93,526. As there are very few no-pays in this industrial group, the difference between the number of gainfully occupied and the number of wage-earners, actively engaged at 3,690 was taken to be the number of employers and "own accounts".

The number of operating mines in the industry as reported by the annual census declined from 13,149 in 1941 to 12,897 in 1942, that is, about 2 p.c. It was assumed that the number of proprietors declined in a similar proportion, the total for 1942 having been estimated at 3,616. The rate for the status class was based on the per capita remuneration established in 1930-31, extrapolation having been by means of a smoothed version of the salary-wage rate. Years subsequent to 1941 were varied directly with the salary-wage rate. The withdrawal rate in 1942 having been placed at $2,228, the withdrawals of working proprietors amounted to $8,056,000.

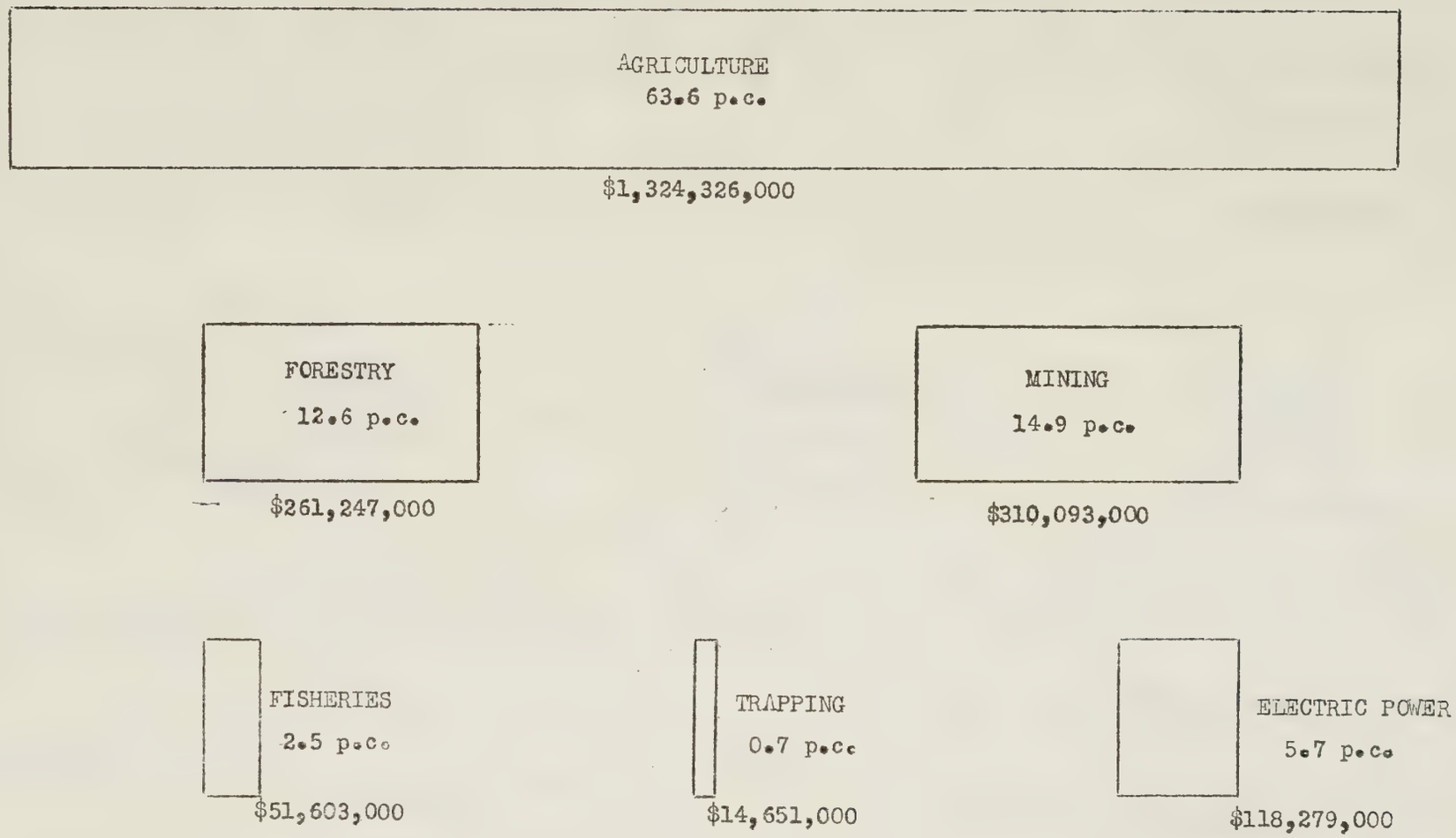
Investment income consisting of net dividends and interest was obtained by an enquiry sent to the incorporated companies operating in this field. The addition to surplus after the payment of dividends was also obtained from the questionnaire. The computation of the savings of working proprietors followed the general method.

ELECTRIC POWER

The operating accounts of the electric power industry were derived from the statistics appearing in the annual report on the Central Electric Stations in Canada, from an enquiry sent to the incorporated companies in the industry, and from a study of the accounts of provincial and municipal utilities. The salaries and wages were reported at $34,286,000 in 1942 by the Transportation and Public Utilities Branch of the Bureau.

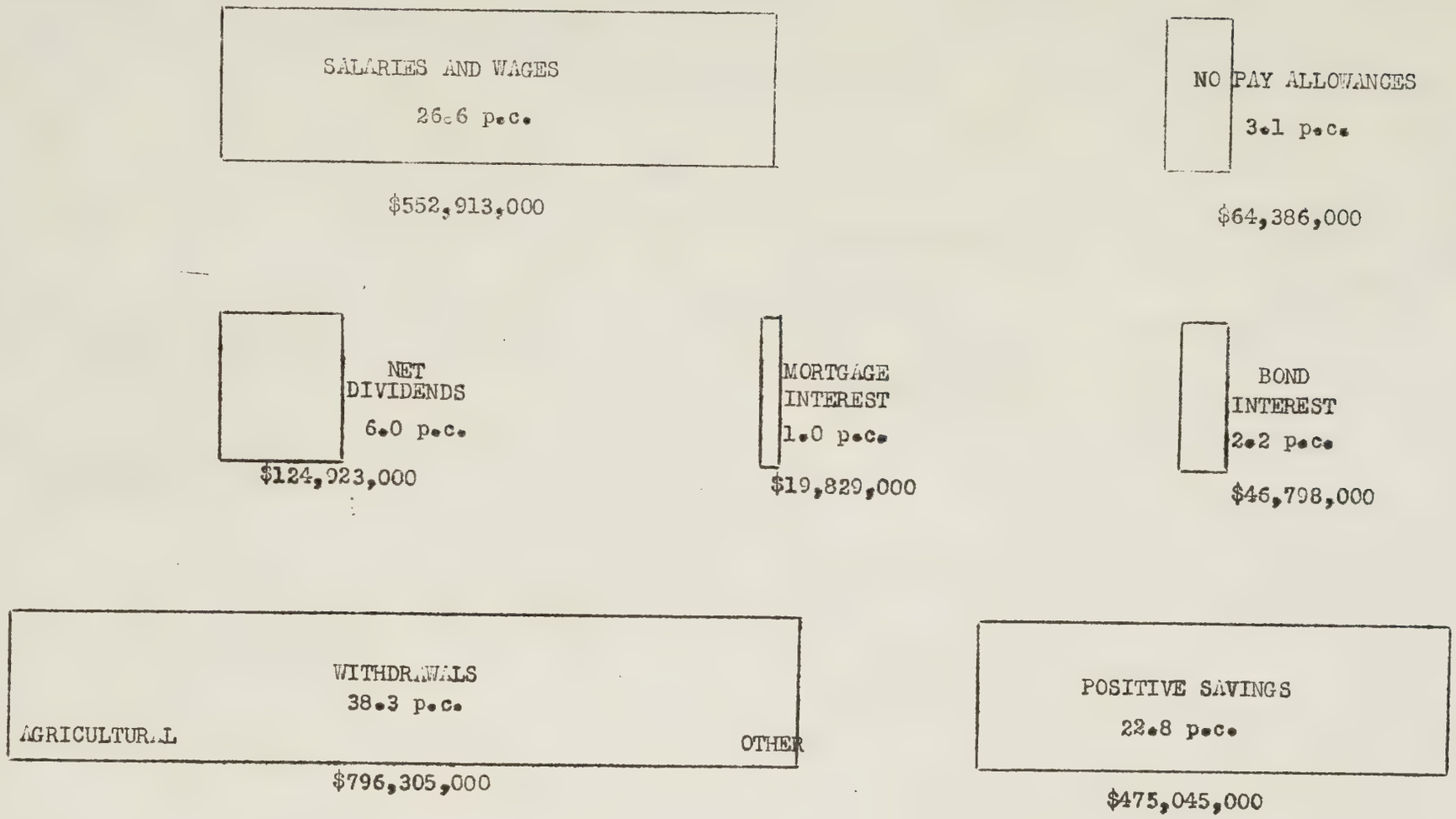
The returns filed by corporations indicated that net dividends amounted to $21,436,000. The result was obtained by deducting the receipts of the companies in question from the payments. The net interest of $35,203,000 was obtained by adding the results of the questionnaire and of the totals compiled from the accounts of the hydro-electric systems of provinces and municipalities. Payments to individuals are the total of occupational and investment income discussed above. The positive or negative savings were compiled from the above-mentioned questionnaire and from the statement of the Provincial and Municipal Hydro-Electric Commissions.

A. INCOME ORIGINATING IN PRIMARY PRODUCTION AND PROCESSING
1942



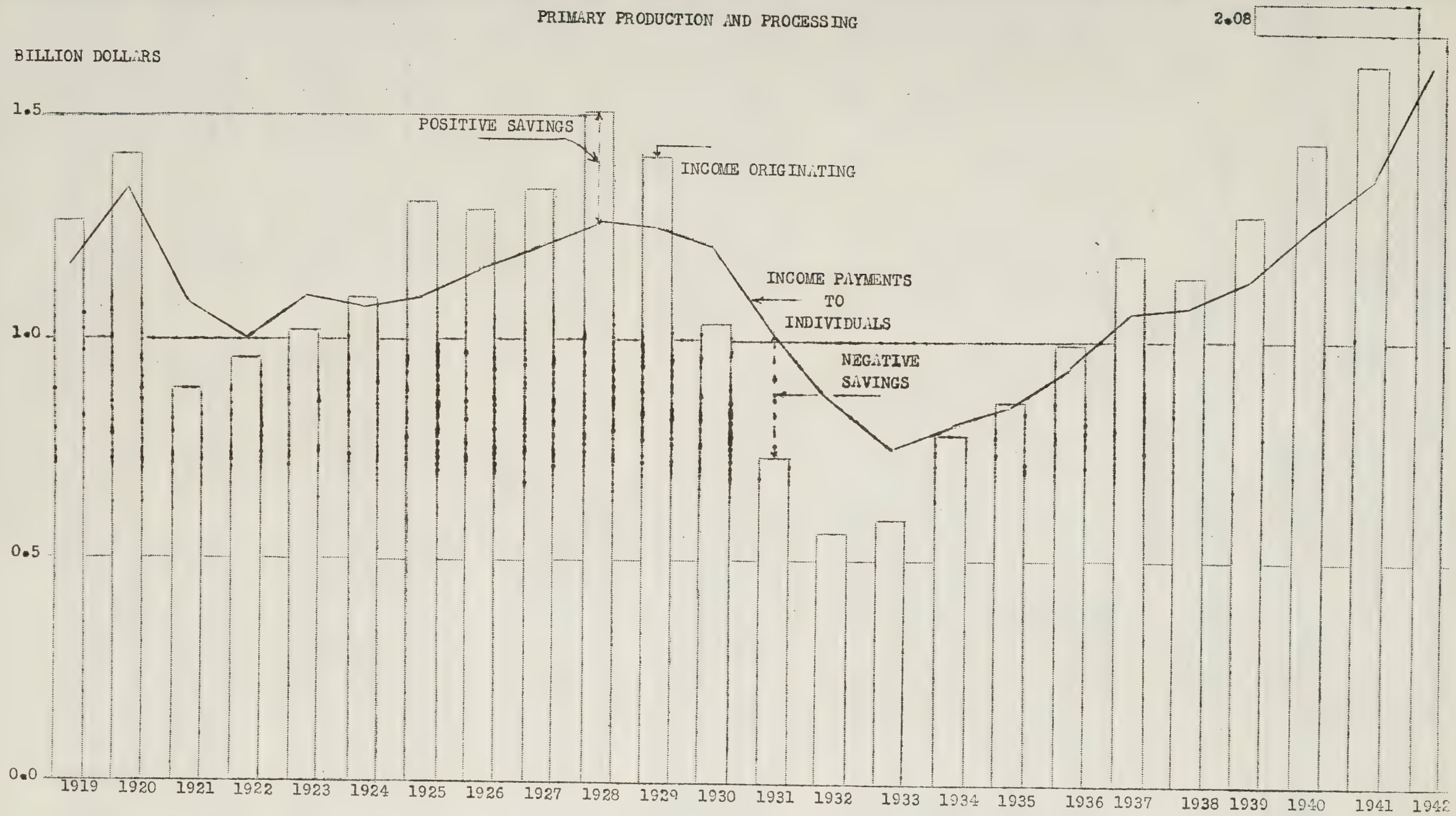
B. INCOME ORIGINATING IN PRIMARY PRODUCTION, BY DISTRIBUTIVE SHARES

1942



C. INCOME ORIGINATING AND PAYMENTS TO INDIVIDUALS

PRIMARY PRODUCTION AND PROCESSING



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BAROMETRICS FILE "E"

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Minister of Trade and Commerce

DOMINION BUREAU OF STATISTICS - OTTAWA

BUSINESS STATISTICS BRANCH

Dominion Statistician: S. A. Cudmore, M.A.(Oxon.), F.S.S., F.R.S.C.
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ECONOMIC CONDITIONS IN CANADA DURING THE FIRST HALF OF 1944 COMPARED WITH THE SAME PERIOD OF 1943.

SECTION 1. ECONOMIC CONDITIONS

Six important factors indicating the trend of economic conditions averaged higher in the first half of 1944 than in any other similar period. Productive operations were at an historical maximum in the first half of the year, the index of the physical volume of business showing an increase of more than 5 per cent over the same period of last year. The deposit liabilities of the banks rose to a new high point, an upward trend having been shown since the early part of 1933. The advance was accelerated from the outbreak of hostilities and a new maximum was reached at the beginning of June. The four principal classes of bank deposits averaged $4,433 million in the first half of the present year against $3,796 million in the same period of 1943, an increase of 17 per cent. The upward trend in wholesale prices in evidence since 1933 resulted in a higher level during the first half of this year than at any time since the 1920's. An index of prices on the base of 1926 averaged 102.7 against 98.4 in the same period of last year, an increase of 4.4 per cent. The index crossed a line of parity with the base year of 1926 during the latter part of 1943, thus counterbalancing the marked decline in wholesale prices, characteristic of the period of 1929 to the early months of 1933.

Dominion bond prices were relatively steady in the first half of 1944, a minor advance having been recorded in long term issues during recent months. An index of bond yields averaged 97.2 in the first six months against 97.8 in the same period of 1943. Speculative factors including common stock prices and trading on the stock exchanges recorded increases in recent months. The index of common stock prices, however, averaged only slightly greater than during the first six months of 1943. The index on the five year pre-war base was 81.3 during the first half of the present year, against 81.1. Speculative trading has recently recorded an increase, the interest of speculators having been stimulated by the advance in stock prices.

Despite the tapering off in recent months the volume of production averaged greater in the first six months than in the same period of last year. Each of the five components of the index of the physical volume of business recorded increases over the first half of 1943. The index of mineral production rose more than 3 per cent to 246.6. The gold mining industry was less active having been affected by the shortage of manpower. Gold receipts at the Mint were 1,515,000 fine ounces against 1,918,000. Coal production receded from 8,795,000 tons to 8,395,000 tons.

Manufacturing production was greater in the first half of the present year, the index rising from 289 to 298, an increase of 3.3 per cent. The meat packing industry recorded marked acceleration, the slaughtering of cattle and hogs reaching a much higher level. The output of factory cheese rose from 54 million pounds to 66.5 million, while the recession of 5 per cent was recorded in creamery butter production. The release of cigars and cigarettes was nearly maintained in the first half of this year. The cigarettes released amounted to 5,527 million compared with 5,541 million. The output of leather boots and shoes rose 4 per cent in the first five months over the same period of the preceding year. Newsprint production at 1,480,000 tons recorded an increase of 2.5 per cent.

The primary iron and steel industry was particularly active for the first half of the present year. The output of steel ingots was 1,513,000 tons, while the pig iron production rose from 867,800 tons to 949,500 tons, a gain of 9.4 per cent. Coke production in the first six months was 31.9 per cent greater at 2,041,000 tons.

The construction industry was more successful in obtaining new business, the contracts awarded having been $152.7 against $102 million, a gain of nearly 50 per cent. The total for the seven months was 56.3 per cent greater, contracts awarded in July having been $32.3 million compared with $16.2 million in July last year. Building permits in 58 municipalities rose 75 per cent to $46.5 million.

The consumption of firm power indicating the activity of the central electric stations was 18,058,000,000 K.W.H., a gain of 4.4 per cent. The total in the same period of 1943 was 17,297,000,000 K.W.H.

The distribution of commodities through wholesale and retail outlets showed further expansion in the first half of the present year. The index of wholesale sales at 175.2 recorded a gain of 11.3 per cent. The index of retail sales in the same comparison rose about 10 points to 158.1. A marked expansion was recorded in the export trade, the total in the first six months of the present year having been $1,769 million, a gain of 38.4 per cent. The increase in imports was of lesser proportions, the total having been $864.5 million, a gain of 2.9 per cent. A marked gain was consequently shown in the active balance of trade which exclusive of gold amounted to $904 million in the period under review. The net export of non-monetary gold was $60 million against $77.7 million in the first six months of last year.

The expansion in railway traffic in evidence since the outbreak of hostilities was continued during the first six months of the present year. The ton miles on the two principal railways during the first five months were 24,144 million against 21,417 million, a gain of 12.7 per cent. Carloadings rose 9.7 per cent to 1,791,000 cars. The net earnings of the two chief railways were $63,663,000 against $66,138,000, recording a decline of $2,475,000 or 3.9 per cent.

The index of employment was slightly more than maintained in the first half of the present year, the index on the base of 1926 having been 181.7. Considerable increase was shown in logging, while the advance in manufacturing employment was 1.1 per cent. The index of employment in trade rose from 152.9 to 161.6.

The circulating media in the hands of the public consisting of notes and subsidiary coin rose from an average of $712 million in the first five months of 1943 to $868 million, a gain of nearly 22 per cent. The increase in the cash and cheque payments was 16 per cent, the total in the first half of the present year having been $34,085 million.

The total revenue of the Dominion Government rose 16.6 per cent to $681.4 million during the first quarter of the present fiscal year over the same period of 1943. The ordinary expenditures rose 15.3 per cent to $172 million. The increase in war expenditures was 3.2 per cent to $696.1 million. The disbursements under the United Nations mutual aid act was $85 million during the first quarter of the present fiscal year while no expenditures were made in the same period of 1943.

The tentative computation of the national income indicated an increase of 9.5 per cent in 1944 over the preceding year. The total for the first half of the year was placed at $4,498 million compared with $4,106 million in the same period of 1943.

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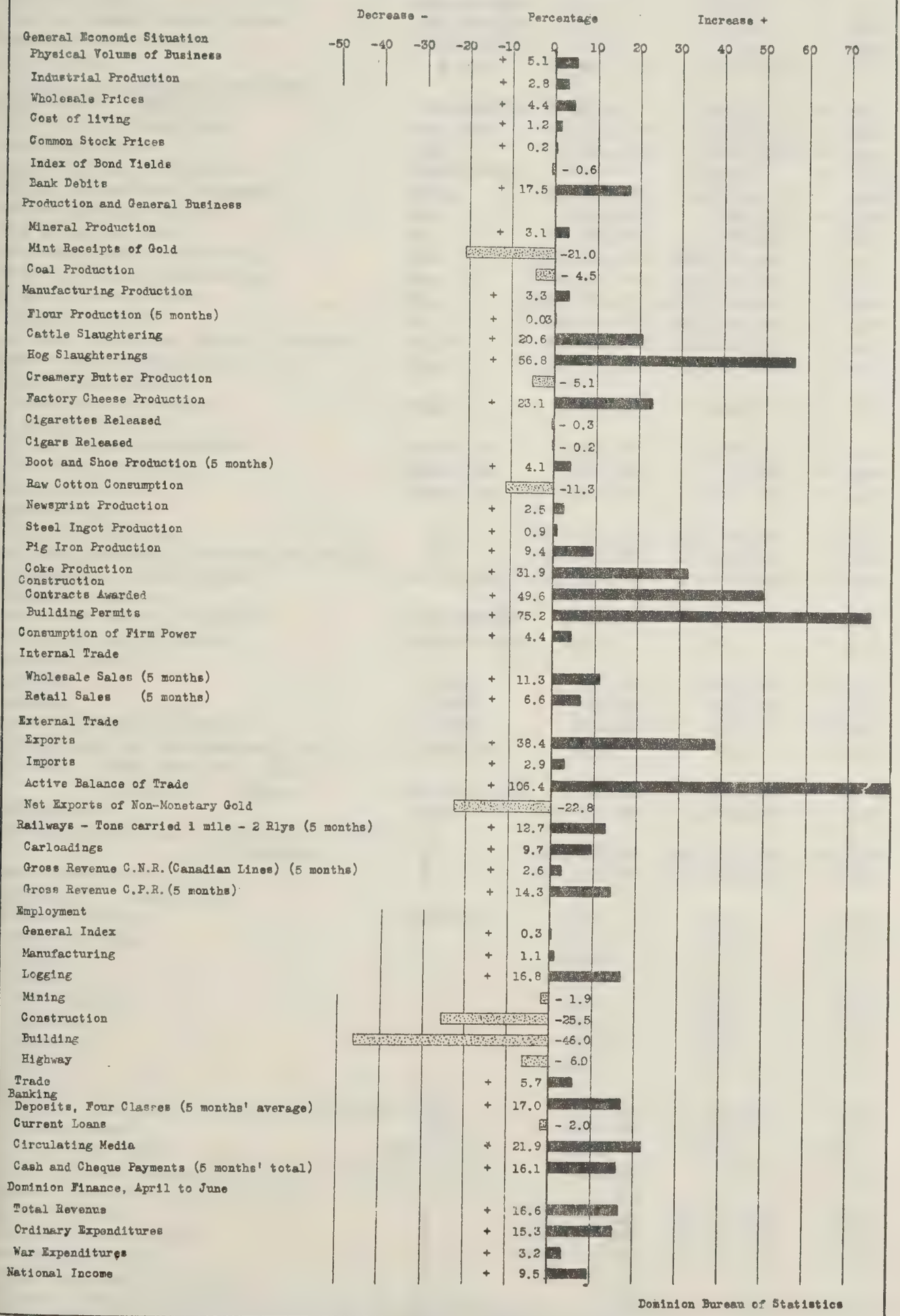
THE ECONOMIC SITUATION IN CANADA

for the First Six Months of 1944

as compared with the same period of last year



Dominion Bureau of Statistics

Thirteen items recorded decline, while forty showed increases.

Table 1. Statistics Illustrating the Economic Situation of Canada for the First Six Months of 1944 compared with the same period of last year.

	Unit or Base Period	First Six Months 1944	First Six Months 1943	Per Cent Increase + Decrease -
General Economic Situation				
Index of Physical Volume of Business	1935-39=100	242.7	231.0	+ 5.1
Index of Industrial Production	1935-39=100	274.4	266.8	+ 2.8
Wholesale Prices	1926=100	102.7	98.4	+ 4.4
Cost of living	1935-39=100	119.0	117.6	+ 1.2
Index of Common Stock Prices	1935-39=100	81.3	81.1	+ 0.2
Index of Bond Yields	1935-39=100	97.2	97.8	- 0.6
Bank Debits	$ 000	29,927,012	25,467,387	+ 17.5
Production and General Business				
Mineral Production	1935-39=100	246.6	239.2	+ 3.1
Gold Receipts at Mint	Fine Ozs.	1,514,517	1,917,911	- 21.0
Coal Production	Tons	8,395,445	8,795,374	- 4.5
Manufacturing Production	1935-39=100	298.2	288.8	+ 3.3
Flour Production (5 Months)	Bbls.	10,307,006	10,304,154	+ 0.03
Cattle Slaughterings	No.	924,608	766,527	+ 20.6
Hog Slaughterings	No.	5,139,300	3,278,122	+ 56.8
Creamery Butter Production	Lbs.	135,193,324	142,395,447	- 5.1
Factory Cheese Production	Lbs.	66,505,766	54,040,536	+ 23.1
Cigarettes released	No.	5,526,985,471	5,541,283,809	- 0.3
Cigars released	No.	99,963,617	100,199,658	- 0.2
Leather Boots and Shoes (5 Months)	Pairs	12,829,403	12,319,621	+ 4.1
Raw cotton consumption	Lbs.	84,675,949	95,515,019	- 11.3
Paper and Lumber -				
Newsprint Production	Tons	1,480,439	1,443,670	+ 2.5
Iron and Steel -				
Steel Ingot Production	Short Ton	1,512,583	1,499,153	+ 0.9
Pig Iron Production	Short Ton	949,523	867,789	+ 9.4
Coke Production	Short Ton	2,041,179	1,547,995	+ 31.9
Construction -				
Contracts awarded	$	152,737,100	102,126,800	+ 49.6
Building Permits (58 municipalities)	$	46,509,507	26,543,999	+ 75.2
Consumption of firm power	000 K.W.H.	18,058,298	17,297,452	+ 4.4
Internal Trade -				
Wholesale Sales (5 Months)	1935-39=100	175.2	157.4	+ 11.3
Retail Sales (5 Months)	1935-39=100	158.1	148.3	+ 6.6
External Trade -				
Exports	$ 000	1,768,716	1,277,762	+ 38.4
Imports	$ 000	864,529	839,685	+ 2.9
Active Balance of Trade	$ 000	904,187	438,077	+106.4
Net Exports of Non-Monetary gold	$ 000,000	60.0	77.7	- 22.8
Railways - Tons carried 1 mile - (5 Months) 2 Rlys.	000,000 tons	24,144	21,417	+ 12.7
Carloadings	No.	1,791,060	1,633,166	+ 9.7
Gross Revenue C.N.R. (Canadian Lines) (5 Months)	$	155,121,200	151,246,000	+ 2.6
Gross Revenue C.P.R. (5 Months)	$	128,283,785	112,249,934	+ 14.3
Employment - Unadjusted				
General Index	1926=100	181.7	181.1	+ 0.3
Manufacturing		225.3	222.8	+ 1.1
Logging		230.3	197.2	+ 16.8
Mining		157.0	160.1	- 1.9
Construction		92.0	123.5	- 25.5
Building		92.9	172.1	- 46.0
Highway		99.9	106.3	- 6.0
Trade		161.6	152.9	+ 5.7
Banking -				
Deposits four Classes (5 Months' average)	$000	4,442,696	3,795,837	+ 17.0
Current Loans	$000	981,598	1,001,940	- 2.0
Circulating Media	$000,000	868.0	712.3	+ 21.9
Cash & Cheque Payments (5 months' total)	$000,000	34,085	29,366	+ 16.1
Dominion Finance - April to June				
Total Revenues	$	681,405,450	584,517,593	+ 16.6
Ordinary Expenditures	$	172,009,350	149,209,859	+ 15.3
War Expenditures	$	696,137,198	674,754,904	+ 3.2
United Nations Mutual Aid	$	85,065,367	-	-
National Income (Tentative Computation)	$000,000	4,498	4,106	+ 9.5

Thirteen items recorded declines, while forty showed increases.

SECTION II. NATIONAL INCOME

INCOME ORIGINATING IN SECONDARY PRODUCTION, n.e.s., 1942.

$ 000

Type of Payment	Manufactures n.e.s. a	Construction b	Custom and Repair c	Total d
Gross Salaries and Wages	1,441,577	189,375	68,165	1,699,117
Withdrawals by Working Proprietors	92,556	37,266	37,292	167,114
Investment Income (Net) 1/				
Interest (net) on Bonds, Debentures .	8,638	- 40	20	8,618
Dividends (net) on Stocks	103,371	461	43	103,875
Sub-total	112,009	421	63	112,493
Net Income Paid for Current Services ...	1,646,142	227,062	105,520	1,978,724
Savings (undistributed profits)	110,200	7,036	609	117,845
Net Income Originating	1,756,342	234,098	106,129	2,096,569

1/ Before deduction of Net Investment Income going abroad.

SECONDARY PRODUCTION (EXCLUSIVE OF PROCESSING)

Secondary production embraces the construction, manufacturing "n.e.s." and custom and repair industries. Construction covers operations of general contractors and sub-contractors as reported in recent years by the Bureau. The work performed directly by Dominion, Provincial and Municipal authorities is excluded, thus avoiding duplication with the totals shown elsewhere for the government group.

Manufacturing production n.e.s. is exclusive of processing activities closely connected with several primary industries. Sawmilling and pulp and paper operations are included with forestry; fish curing and packing is a part of the fisheries industry; while smelting, cement, clay products, lime and salt are treated along with mining. The eight industries, for the purpose of avoiding duplication, are excluded from manufactures, n.e.s. Also excluded are operations of railway repair shops of the two large railway systems which are treated with the steam railway group.

Custom and repair includes thirteen industries of which dyeing, cleaning and laundry, and automobile garages are the most important. The industrial section of the decennial census furnishes periodical information in regard to the personnel in these industries. The census of merchandising and service for 1941 was used extensively in estimating income in this industry. The income originating in each of the three groups was obtained by adding the payments to individuals and the business savings.

Statistics of salaries and wages in manufactures n.e.s. were obtained directly from annual census reports, payments by the nine duplicated industries being deducted. Remuneration of employees in the construction industry were obtained as the product of the numbers and rates estimated for the purpose. Salaries and wages for custom and repair were determined for 1941 from information given by the trading census.

Withdrawals, signifying the remuneration of employers, independent operators and "own accounts", for management and work performed were relatively more steady in the secondary production group than salaries and wages. The number of working proprietors in manufactures n.e.s. was taken directly from the decennial census of 1941. The margin of the withdrawal rate over the salary-wage rate was determined through the use of census data and American experience. Net dividends and interest paid to individuals and external holders of securities were computed from the financial returns of concerns engaged in the group, the totals for manufactures being raised somewhat for comparability with preceding years. The receipts of corporations in the form of dividends and bond interest were deducted.

The addition of occupational and investment income gives the total income payments to individuals originating in the major group in question.

MANUFACTURES, N.E.S.

The basic data used in computing the income originating in manufactures, n.e.s. were obtained from the annual census of the Manufactures Branch, the industrial section of the decennial census and a questionnaire distributed to incorporated companies engaged in manufacturing operations.

Considerable attention was paid in the early history of the Dominion Bureau of Statistics to the problem of classification. One difficulty in this connection was the overlapping of the boundaries of different industrial and service groups. The historical treatment of three primary industries, forestry, fishing and mining, was to include a number of processing industries closely associated with the operations of the primary phases of these industries. For the compilation of the Survey of Production in 1920, a decision was reached to incorporate the statistics of the processing phases of these industries in the tabulation of the primary industries. For example, the sawmilling and pulp and paper industries were regarded as components of forestry. The fish curing and packing industry was included under the general heading of fisheries, while non-ferrous metal smelting, clay products, cement, lime and salt production remained with mining. As these industries were also included in the reports of manufactures, it was necessary in arriving at the grand totals of commodity production to eliminate the duplication. A similar method was adopted in the compilation of the income originating in commodity producing groups, in connection with the study of the national income.

Salaries and wages were obtained directly from annual census reports, payments by the nine duplicated industries being deducted. It was assumed that the working proprietors engaged in manufacturing operations reported their remuneration as salaries and wages in the same proportion as in retail trade. It was found that the percentage of working proprietors in the latter reporting their salaries and wages was 34.13 p.c. of the total. The resulting amount of withdrawals was deducted from the salaries and wages as compiled in the manner described above. Having reduced the salaries and wages in view of the circumstances, a withdrawal of $92,556,000 was regarded as a component. The savings of working proprietors were estimated on the basis of per capita withdrawals and the trend of corporate additions to surplus. The net dividends, net interest and corporate savings were obtained from a questionnaire recently completed for the year in question.

CONSTRUCTION

A considerable section of the components of income originating in construction were obtained from the report of the Construction Branch of the Bureau relating to 1942.

The salaries and wages reported as paid by general and trade contractors and sub-contractors was taken as embracing salaries and wages and withdrawals of working proprietors. The total of $226,641,000 was divided into salaries and wages of $189,375,000 and withdrawals of $37,266,000. The savings of working proprietors were estimated in accordance with the usual method. The positive savings of incorporated concerns, as well as the net dividends and the net interest, were provided by the tabulation of returns from construction firms.

CUSTOM AND REPAIR

The method consisted of assembling information on numbers of gainfully occupied and remuneration in 1940-41 from census work sheets furnished by Mr. Steedman of Merchandising and Services. Working proprietors not on payroll were assumed to have withdrawn the same average amount reported for salaried proprietors. Small amounts were transferred to this group from retail trade. Information furnished by the Census of occupations and industries was used, where possible, to supplement the service census. Total numbers and average remuneration rates were extended to 1942 by means of the personal service employment index published by the Employment Branch and the index of wage rates published by the Labour Department. A smoothed version of the latter was used in the case of withdrawal rates.

Investment income and savings were estimated by means of a questionnaire distributed to a number of companies operating in the field, and from information furnished by the Research Department of the Bank of Canada.

Chart A - Secondary Production Less Processing Before Deduction of International Balance on Dividends and Interest, 1919 - 1942.

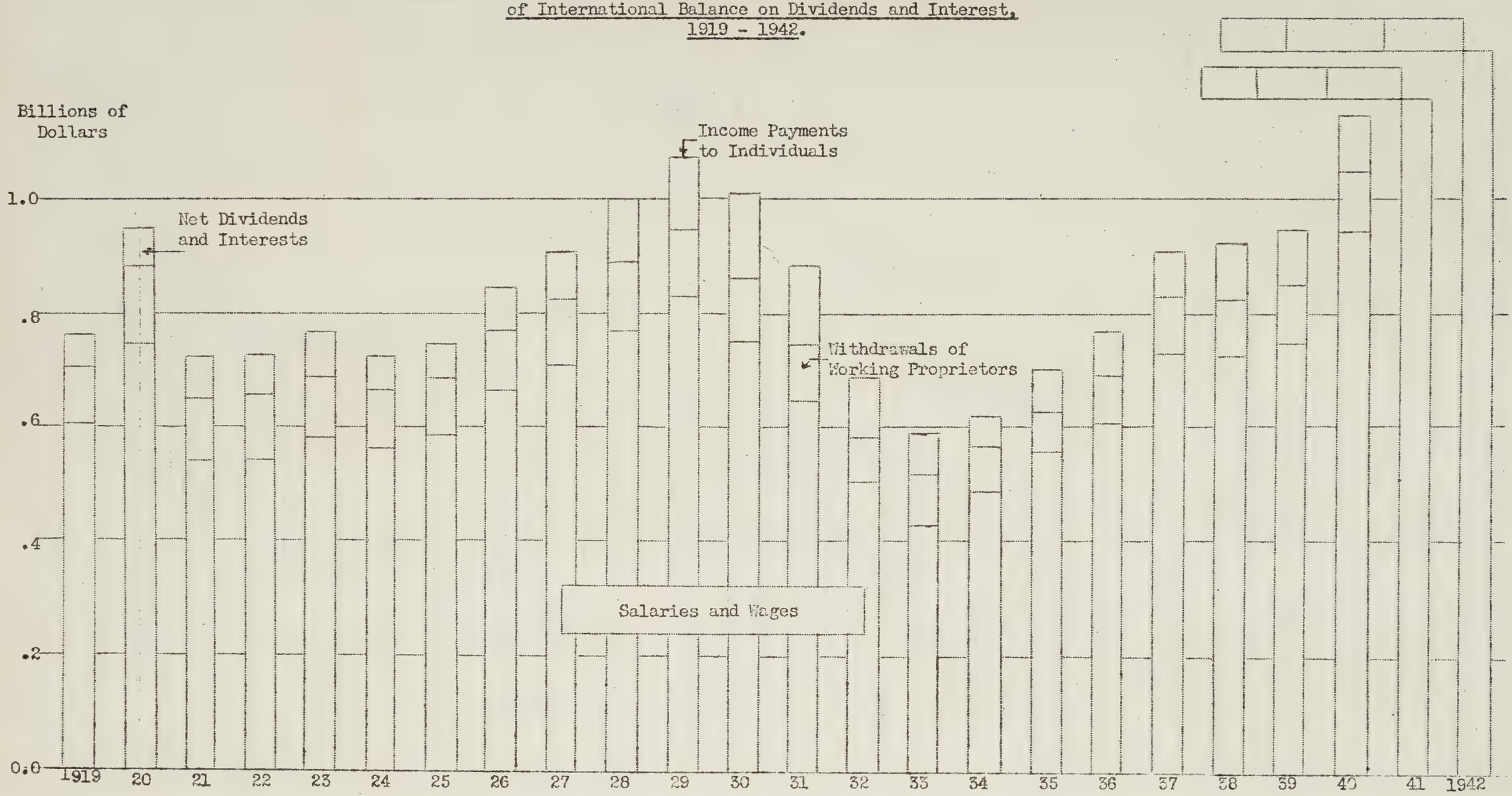


Chart B - Income Originating and Payments to Individuals

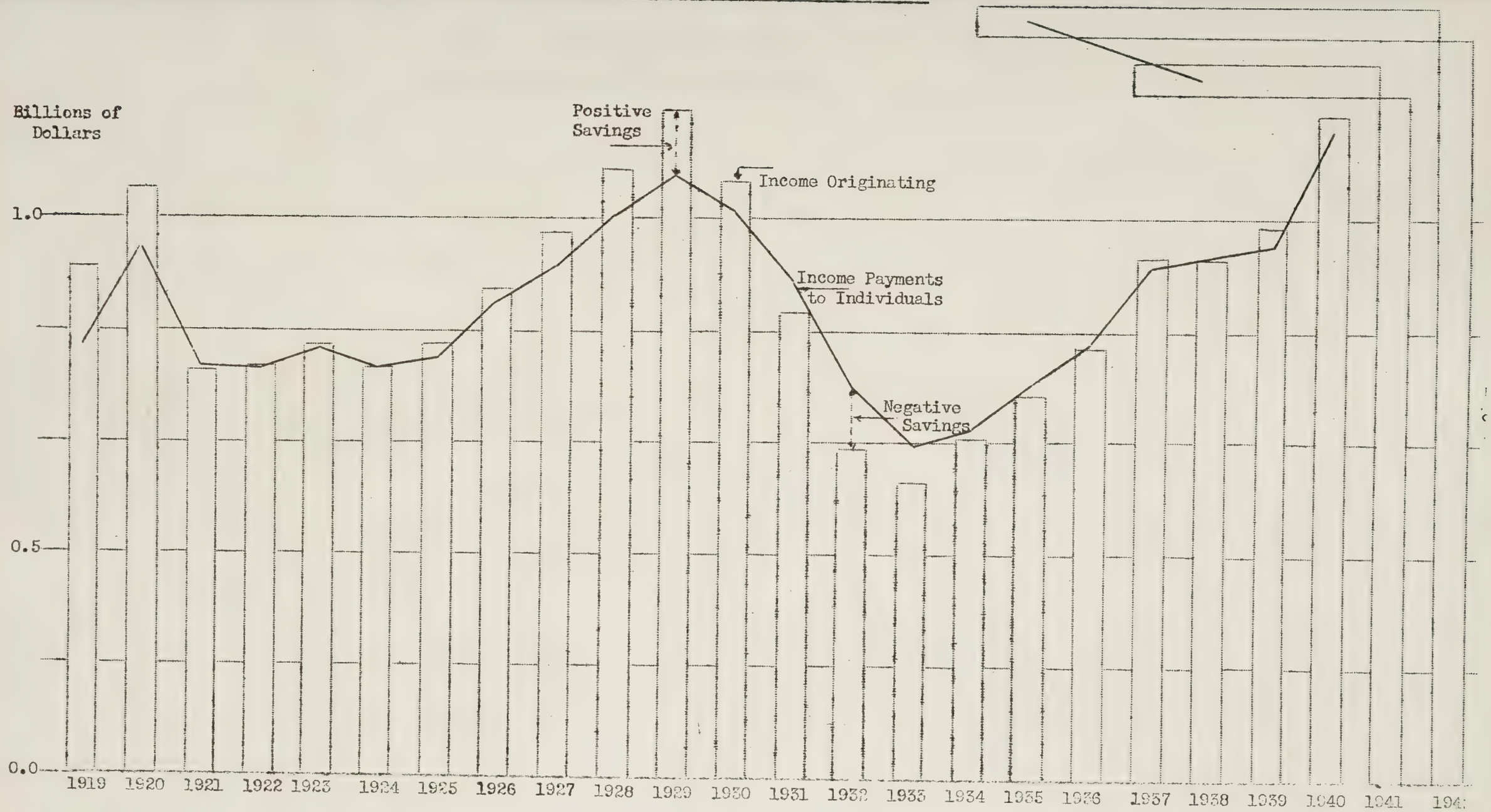
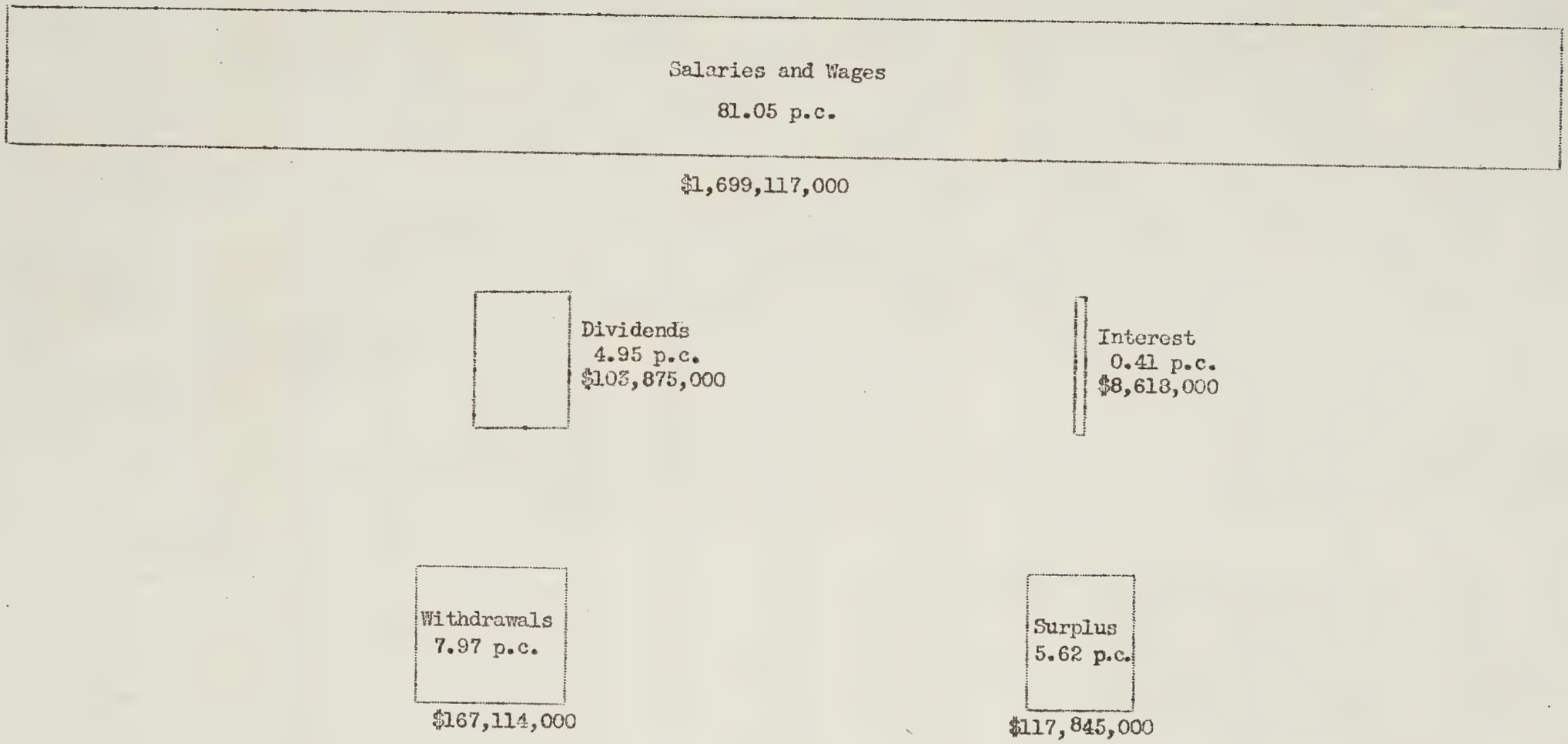


Chart C - Secondary Production n.e.s.
1942
Relative Importance of Types of Payments.



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BAROMETRICS FILE

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Minister of Trade and Commerce

DOMINION BUREAU OF STATISTICS - OTTAWA

BUSINESS STATISTICS BRANCH

Dominion Statistician: S. A. Cudmore, M.A.(Oxon.), F.S.S., F.R.S.C.
Chief, Business Statistics Branch: Sydney B. Smith, M.A.

ECONOMIC CONDITIONS IN CANADA DURING THE FIRST SEVEN MONTHS OF 1944 COMPARED WITH THE SAME PERIOD OF 1943.

SECTION 1. ECONOMIC CONDITIONS

The six major factors indicating the trend of economic conditions averaged higher in the first seven months of the present year than in the same period of 1943. The index of the physical volume of business recorded a gain of 4.1 p.c., the standing in the first seven months of the present year having been 241.2. The historical maximum was reached in the last month of 1943 and a downward trend has since been recorded. The standing in July was 232.2, a moderate decline having been shown from July of last year when the index was 236.3. Wholesale prices which had averaged 98.7 in the first seven months of last year rose to 102.6 in the period under review, a gain of 4 p.c. The trend in wholesale prices has been in an upward direction from the outbreak of hostilities, but the increase in the last three years has been of more moderate proportions. The index passed through the line of parity with the base year of 1926 in July last year. The standing in the same month of this year was 102.5. The deposit liabilities of the banks rose to a new high position in the first six months of the present year. The average was $4,508 million against $3,847 million, a gain of no less than 17 p.c. A sharp increase has been in evidence since the outbreak of war and consecutive gains were shown from the first quarter of the present year.

Measured by the trend of bond yields, the price of Dominion bonds averaged slightly higher in the period under review. The yield on a 3 p.c. 15-year Dominion of Canada long term bond remained unchanged during July at 2.99. The yield index was 97.0 in July of this year against 97.3 in the same month of 1943. The index of common stock prices averaged slightly lower in the first seven months despite the advances in June and July. The average of the index for the seven months was 82.2 against 82.5.

The amount of cheques cashed recorded a gain of $4,786 million or 16 p.c., the total in the period under review having been $34,660 million. Employment showed a slight gain as measured by the returns received from employers. The index averaged 181.9 against 181.4 in the same period of last year.

Each of the five components of the index of the physical volume of business recorded gains over the high level of 1943. The index of mineral production showed a gain of 1 p.c. to 243.6 as against 241.2. Declines, however, were shown in the amount of gold mint receipts and in coal production.

The index of manufacturing production on a five-year pre-war base rose nearly 3 p.c. to 296.7. The meat packing industry was more active according to the record of inspected slaughterings. The cattle division showed an increase of 20.3 p.c. while hogs were 50.8 p.c. greater. Factory cheese production rose from nearly 81 million pounds to 94.6 million, a gain of 16.7 p.c. A decline, on the other hand, was shown in the output of creamery butter. The decline amounted to about 10 million pounds or 5.5 p.c.

The raw cotton consumed by textile mills receded 13 p.c. to 96.2 million pounds. The gain in newsprint production was of moderate proportions. The output was 1,724,845 tons against 1,705,993, a gain of 1.1 p.c. Steel production was practically maintained while a gain of 9.5 p.c. was shown in pig iron. The output of coke was one quarter greater than in the first seven months of 1943.

The new business obtained by the construction industry was far greater in the first seven months of the present year, construction contracts awarded having been $185 million against $118 million, a gain of 56.4 p.c. Building permits in 58 municipalities showed an increase of about 63 p.c. The consumption of firm power, indicating the output of the Central Electric Stations, rose nearly 3 p.c. to 20,847 million kilowatt hours.

A considerable increase was shown in the index of distribution of commodities through wholesale and retail outlets, increases of 12 p.c. and 7.4 p.c. being recorded respectively. External trade was at a higher level, the exports recording a considerable advance over the same period of last year. The total was $2,050 million against $1,595, a gain of 28.6 p.c. As the increase in imports was of minor proportions, the active balance of trade showed an advance of 21.8 p.c. The net exports of non monetary gold excluded from the statistics of merchandise exports amounted to $66.6 million, a decline of about 24 p.c. from the same period of the preceding year. Carloadings in the seven months numbered 2,088,000 against 1,928,000. A somewhat greater percentage increase was shown in the number of tons carried per mile on the two principal railways during the six months. The total was 29 billion against 26.4 billion, a gain of 9.8 p.c.

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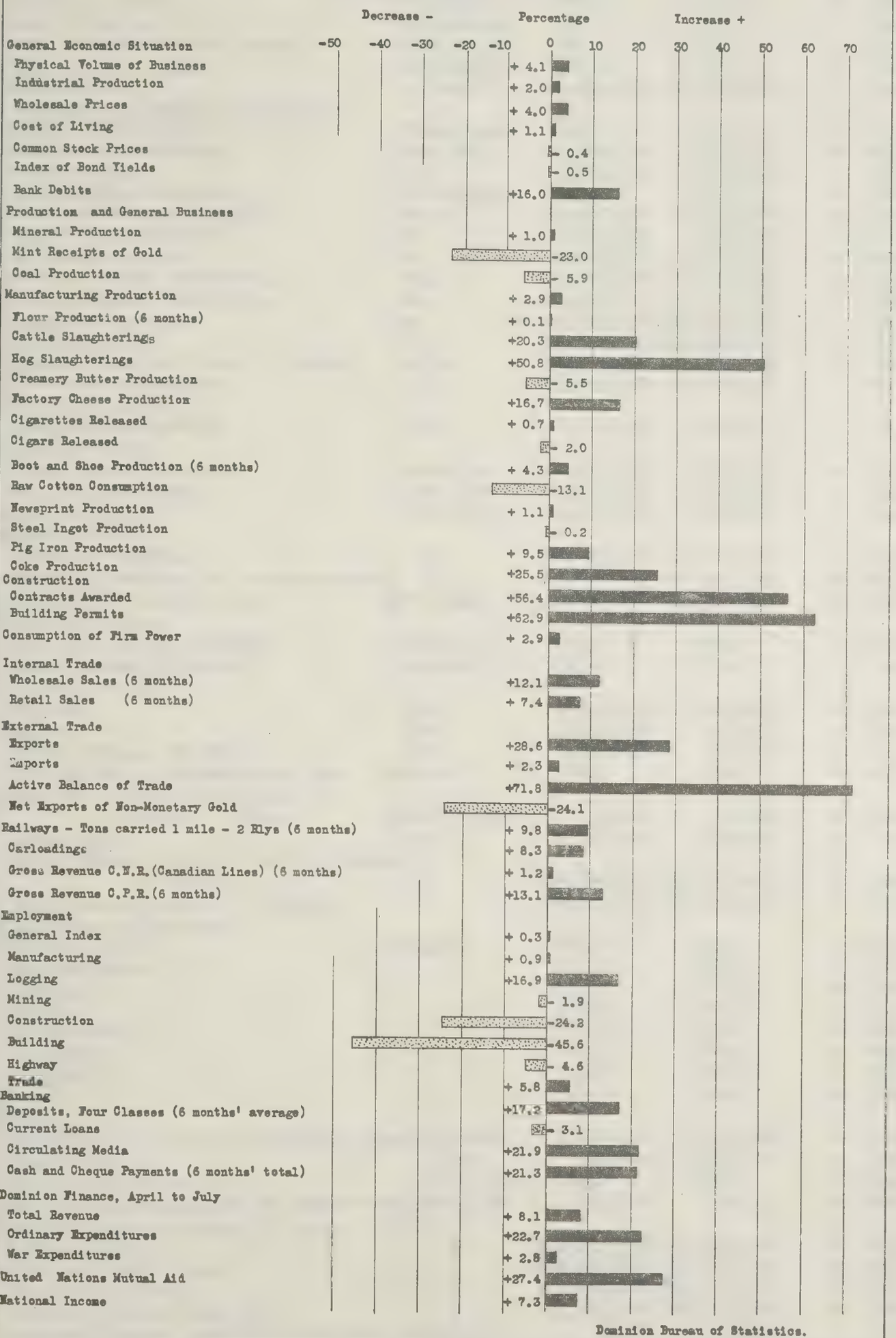
THE ECONOMIC SITUATION IN CANADA

for the First Seven Months of 1944

as compared with the same period of last year



Fourteen items recorded decline, while forty showed increases.

Table 1. Statistics Illustrating the Economic Situation of Canada for the First Seven Months of 1944 compared with the same period of last year.

	Unit or Base Period	First Seven Months 1944	First Seven Months 1943	Per Cent Increase + Decrease -
General Economic Situation				
Index of Physical Volume of Business	1935-39=100	241.2	231.7	+ 4.1
Index of Industrial Production	1935-39=100	272.7	267.3	+ 2.0
Wholesale Prices	1926=100	102.6	98.7	+ 4.0
Cost of living	1935-39=100	119.0	117.7	+ 1.1
Index of Common Stock Prices	1935-39=100	82.2	82.5	- 0.4
Index of Bond Yields	1935-39=100	97.2	97.7	- 0.5
Bank Debits	$000	34,660,474	29,873,333	+ 16.0
Production and General Business				
Mineral Production	1935-39=100	243.6	241.2	+ 1.0
Gold Receipts at Mint	Fine Ozs.	1,729,610	2,245,747	- 23.0
Coal Production	Tons	9,566,141	10,161,022	- 5.9
Manufacturing Production	1935-39=100	296.7	288.2	+ 2.9
Flour Production (6 Months)	Bbls.	12,177,355	12,159,615	+ 0.1
Cattle Slaughterings	No.	1,081,707	899,092	+ 20.3
Hog Slaughterings	No.	5,668,875	3,758,418	+ 50.8
Creamery Butter Production	Lbs.	176,658,285	186,919,249	- 5.5
Factory Cheese Production	Lbs.	94,562,668	80,999,438	+ 16.7
Cigarettes released	No.	6,408,873,950	6,361,796,000	+ 0.7
Cigars released	No.	113,059,882	115,340,041	- 2.0
Leather Boots and Shoes (6 Months)	Pairs	15,371,778	14,739,499	+ 4.3
Raw cotton consumption	Lbs.	96,230,605	110,795,767	- 13.1
Paper and Lumber -				
Newsprint Production	Tons	1,724,845	1,705,993	+ 1.1
Iron and Steel -				
Steel Ingot Production	Short Ton	1,747,001	1,749,661	- 0.2
Pig Iron Production	Short Ton	1,115,527	1,019,158	+ 9.5
Coke Production	Short Ton	2,362,848	1,882,937	+ 25.5
Construction -				
Contracts awarded	$	184,965,200	118,293,700	+ 56.4
Building Permits (58 municipalities)	$	56,193,341	34,494,071	+ 62.9
Consumption of firm power	000 K.W.H.	20,847,390	20,267,542	+ 2.9
Internal Trade -				
Wholesale Sales (6 Months)	1935-39=100	179.6	160.2	+ 12.1
Retail Sales (6 Months)	1935-39=100	161.1	150.0	+ 7.4
External Trade -				
Exports	$000	2,050,499	1,594,628	+ 28.6
Imports	$000	1,012,981	990,568	+ 2.3
Active Balance of Trade	$000	+ 1,037,518	+ 604,060	+ 71.8
Net Exports of Non-Monetary gold	$000,000	66.6	87.7	- 24.1
Railways -Tons carried 1 mile - (6 Months) 2 Rlys.	000,000 tons	29,029	26,442	+ 9.8
Carloadings	No.	2,088,455	1,928,381	+ 8.3
Gross Revenue C.N.R. (Canadian Lines) (6 Months)	$	188,333,900	186,085,400	+ 1.2
Gross Revenue C.P.R. (6 Months)	$	155,169,104	137,253,503	+ 13.1
Employment - Unadjusted				
General Index	1926=100	181.9	181.4	+ 0.3
Manufacturing		225.4	223.3	+ 0.9
Logging		222.4	190.3	+ 16.9
Mining		156.5	159.6	- 1.9
Construction		94.7	125.0	- 24.2
Building		92.6	170.3	- 45.6
Highway		107.3	112.5	- 4.6
Trade		161.5	152.7	+ 5.8
Banking -				
Deposits four Classes (6 Months' average)	$000	4,508,191	3,846,684	+ 17.2
Current Loans	$000	994,794	1,026,204	- 3.1
Circulating Media	$000,000	874.9	717.7	+ 21.9
Cash & Cheque Payments (6 Months' total)	$000,000	42,336	34,908	+ 21.3
Dominion Finance - April to July				
Total Revenues	$	937,583,388	867,649,934	+ 8.1
Ordinary Expenditures	$	239,525,236	195,177,012	+ 22.7
War Expenditures	$	965,289,872	938,917,171	+ 2.8
United Nations Mutual Aid	$	239,551,474	188,000,000	+ 27.4
National Income (Tentative Computation)	$000,000	5,277	4,919	+ 7.3

Fourteen items recorded declines, while forty showed increases.

Table 2. INCOME ORIGINATING IN TRANSPORTATION AND COMMUNICATION, 1942

$000

Type of Payment	Steam Railways (a)	Electric Railways (b)	Water Transport (c)	Road Transport & Storage (d)
Salaries and Wages	271,958	27,923	43,341	58,762
Other Labour Income -				
Pensions and Retiring Allowances	8,383	534	-	-
Workmen's Compensation (excluding Pensions)	3,282	989	-	-
Sub-total	11,665	1,523	-	-
Withdrawals by Working Proprietors	-	-	2,257	26,533
Investment Income (Net) + .				
Interest (net) on Bonds, Debentures	53,458	6,275	1,081	39
Dividends (net) on Stocks	567	2,075	1,181	803
Sub-total	54,025	8,350	2,262	842
Net Income Paid to Individuals + ...	337,648	37,796	47,860	86,137
Savings (undistributed profits)	65,330	10,979	7,741	767
Net Income Originating + ...	402,978	48,775	55,601	86,904

Type of Payment	Civil Aviation (e)	Express (f)	Telegraph (g)	Telephone (h)	Total (i)
Salaries and Wages	4,417	9,417	11,845	31,580	459,243
Other Labour Income -					
Pensions and Retiring Allowances	-	-	-	497	9,414
Workmen's Compensation (excluding pensions)	-	-	-	-	4,271
Sub-total	-	-	-	497	13,685
Withdrawals by Working Proprietors	-	-	-	-	28,790
Investment Income (Net) +					
Interest (net) on Bonds, Debentures	-	-	-	5,500	66,353
Dividends (net) on Stocks	201	-	-	7,737	12,564
Sub-total	201	-	-	13,237	78,917
Net Income Paid to Individuals + ...	4,618	9,417	11,845	45,314	580,635
Savings (undistributed profits)	601	886	3,341	2,536	92,181
Net Income Originating + ...	5,219	10,303	15,186	47,850	672,816

+ Before deduction of investment income going abroad.

TRANSPORTATION AND COMMUNICATION DURING 1942

The transportation group embraces activities connected with the movement of goods and passengers and with communication by wire and radio. The electric light and power industry, also regarded as a public utility, is classified with the primary production group.

Annual reports of the Bureau supply considerable information regarding the following industries in the transportation-communication group: Steam and electric railways, civil aviation, express, telegraphs, and telephones. Water and road transport (including warehousing and storage) are also components, income being estimated on the basis of occupational data, furnished by the decennial census, and other relevant information.

Steam Railways: The greater part of the data necessary to estimate the income originating in the industry was obtained from the annual report on "Steam Railways" published by the Transportation Branch of the Bureau. In order to eliminate duplication with industries in other groups, the operation of steamships, hotels, express and telegraph departments of the two main railways are excluded. Contributions to pension funds were deducted from the gross salaries and wages and pension payments included under investment income.

Other labour income consists of compensation for injuries as given in the report on "Steam Railways". Interest and dividend payments and receipts were estimated from the above-mentioned report and also from annual statements of the principal companies to the Dominion Bureau of Statistics and to the shareholders.

Undistributed profits as reported by the Dominion Bureau of Statistics were adjusted for the operations of the subsidiary activities of the two main railways.

Electric Railways: Salaries and wages and other labour income consisting of compensation for injuries, interest and dividend payments were taken directly from the annual report on "Electric Railways" issued by the Bureau. Savings from the same report were adjusted considerably by an examination of the accounts of one of the larger companies and of depreciation charges allowed by all companies reporting.

Telegraph and Railway Express: Salaries, wages and commissions paid and undistributed profits were the two components of income originating in these minor industries. The statistics were available directly from the annual reports of the Bureau regarding "Telegraph and Cable Statistics" and "Express Statistics".

Civil Aviation: Salaries and wages paid by the industry during 1942 were reported in "Civil Aviation in Canada" issued by the Transportation Branch of the Bureau. The operations of the provincial governments in this connection were excluded. Under "investment income" the only item included was the annual dividend payment of Trans-Canada Air Lines to Canadian National Railways. Savings in 1942 were regarded as the difference between the operating revenues and expenses.

Road and Water Transport: The occupational income of the two groups was based mainly on the decennial census of 1941. Under "road transport" the two main items considered were salaries and wages paid and the withdrawals of working proprietors. The numbers were computed for 1941 by reference to preliminary census data and extended to 1942 by the sample statistics of employment. The number of working proprietors was estimated for 1941 by deducting census returns of wage-earners from the gainfully occupied. Rates were determined by extrapolation from the census period of 1931. Personnel statistics of storage activities for 1941 were obtained from the census of trading establishments and extended to 1942 by the use of index numbers.

A similar method was applied in computing the occupational income of water transport. Subsistence allowances were calculated for a considerable proportion of the employees. While the census tabulation of personnel on an industrial classification was incomplete at the time of computation, it was considered preferable to accept preliminary data rather than to depend on extrapolation from the preceding census period. The number of employees was deducted from the gainfully occupied to give approximately the number of working proprietors. The total number of employees was then reduced according to the census relationship to obtain the employment on a full-time basis. The monthly index of employment was used to extend the adjusted numbers to 1942. The rates established on a long-term footing by extension from 1930 were used as a factor in deriving the salaries and wages paid. The net dividends and interest paid to individuals by these enterprises as well as the savings were supplied by the general questionnaire, compilation having been completed for the year 1942.

Telephones: Most of the required information was given in the annual report on "Telephone Statistics" issued by the Transportation Branch of the Bureau. From the salaries and wages reported, the contributions to pension funds of the employees and the Alberta, Saskatchewan and Manitoba telephone systems were deducted. Compensation for injuries was paid directly rather than through the Workmen's Compensation Boards. Pensions paid by the Bell Telephone, Maritime Telegraph and Telephone and New Brunswick companies and the Alberta government system, were included.

The interest payments on the funded debt of the government systems of Manitoba, Saskatchewan and Alberta and of the Bell Telephone, British Columbia, Maritime and New Brunswick companies were compiled. The interest payments of the industry were estimated by applying to the total funded debt of the industry the average rate of interest paid by the six systems. The interest receipts of the three provincial systems, derived from sinking funds, depreciation and renewal reserves and other investments, were estimated, and the receipts on bonds and debentures held by the two large companies were added.

From the dividend payments as given in "Telephone Statistics" were deducted the partially estimated receipts of all companies.

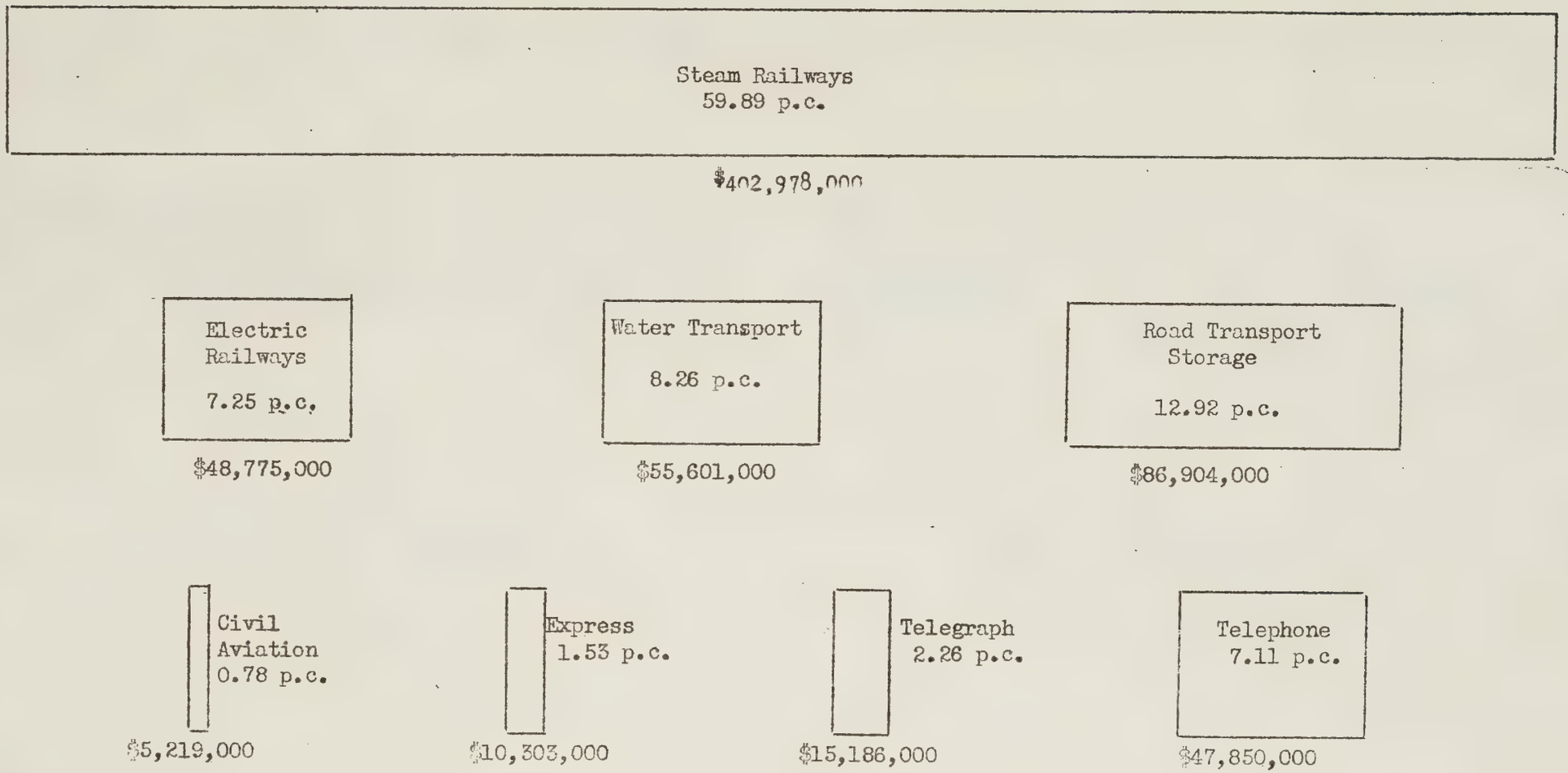
The undistributed profits were computed by adding the net gains as given in the annual report to the refundable portion of excess profits taxes and the change in contingency reserves of three systems.

A. TRANSPORTATION AND COMMUNICATION

1942

INCOME ORIGINATING

Before Deduction of International Balance on Dividends and Interest.

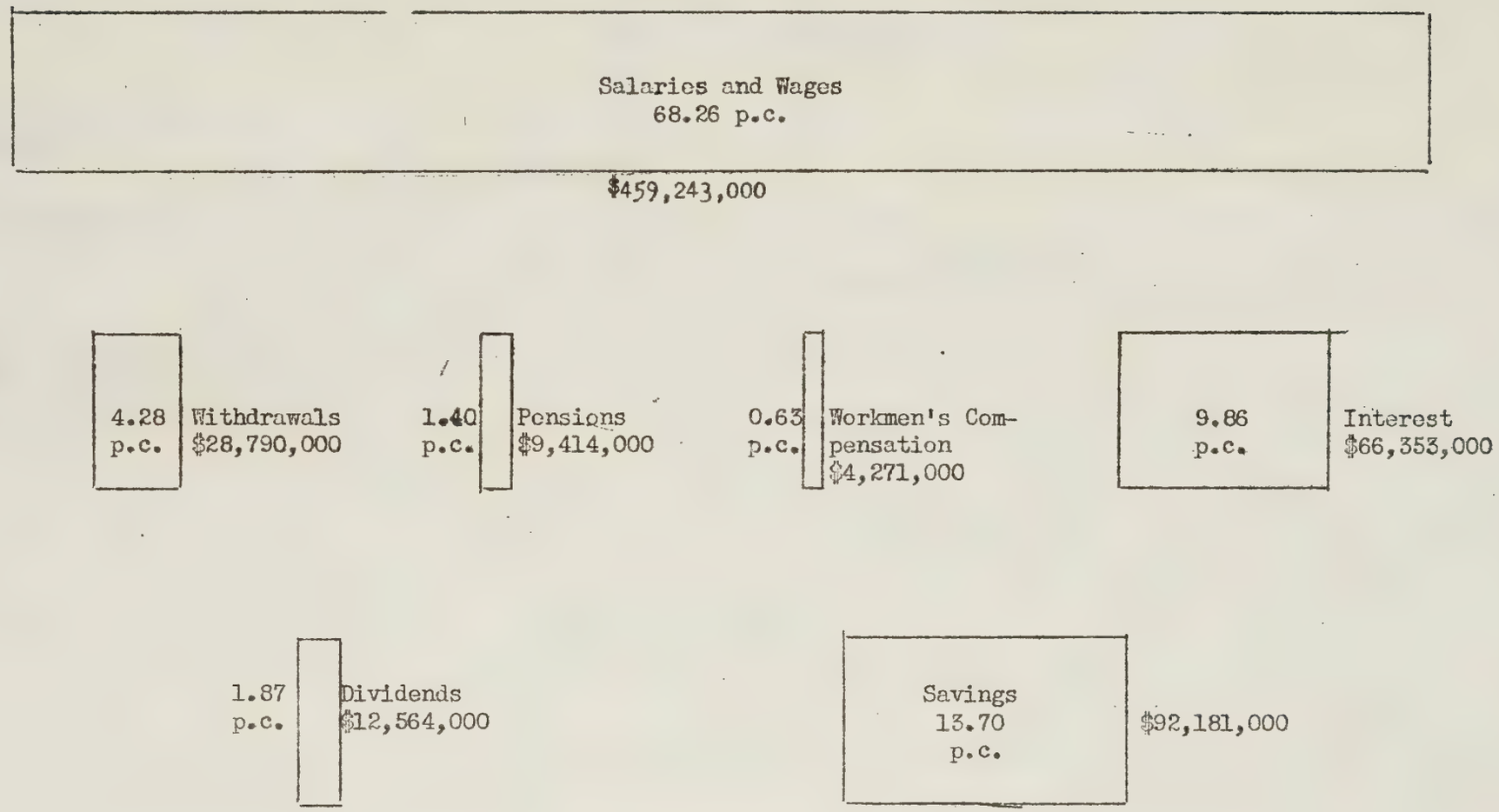


B. TRANSPORTATION AND COMMUNICATION

1942

RELATIVE IMPORTANCE OF TYPES OF PAYMENT AND SAVINGS

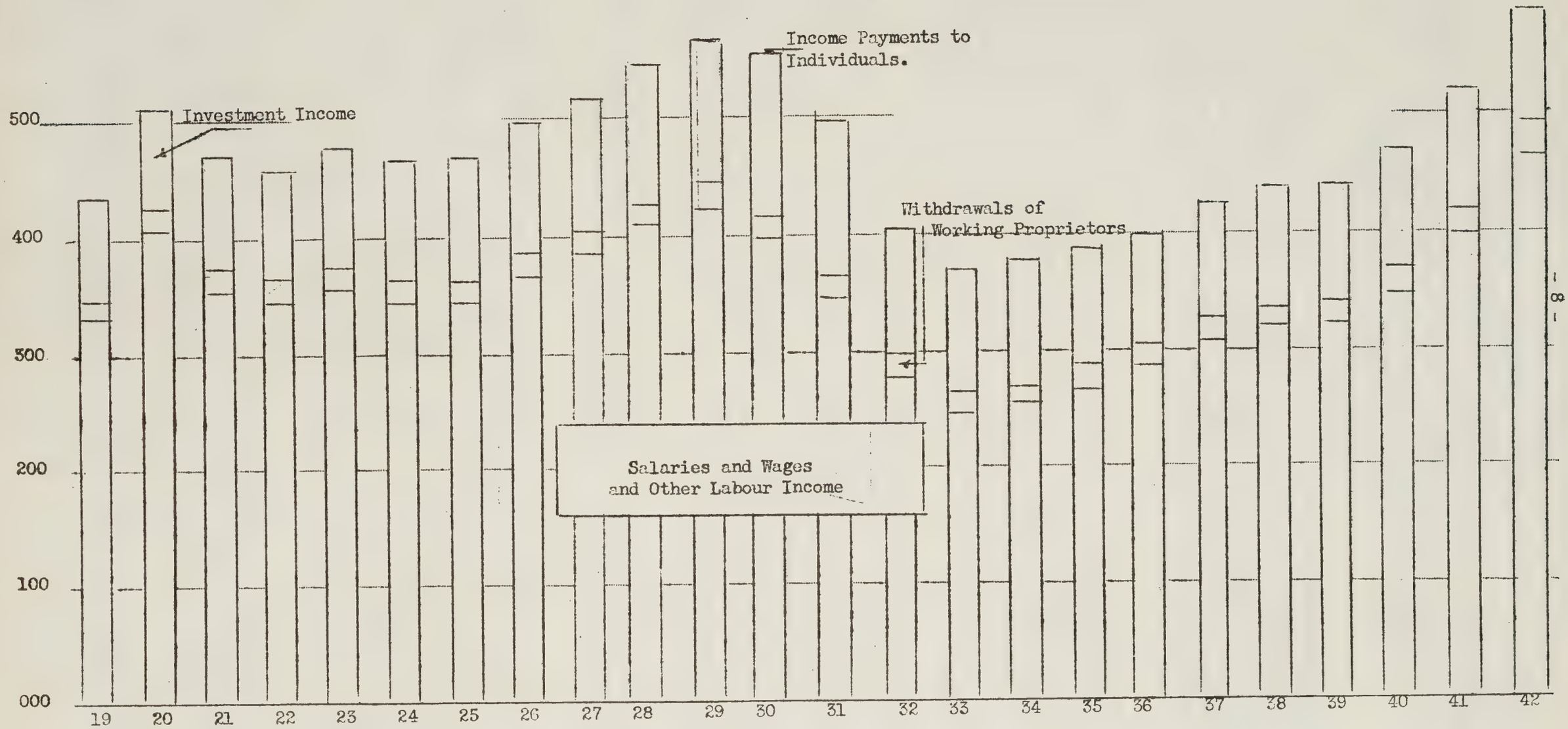
Before Deduction of International Balance on Dividends and Interest.



C. TRANSPORTATION AND COMMUNICATION.

BEFORE DEDUCTION OF INTERNATIONAL BALANCE ON DIVIDENDS AND INTEREST

INCOME PAYMENTS



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DEPT. OF POLITICAL SCIENCE
UNIVERSITY OF TORONTO

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DOMINION BUREAU OF STATISTICS - OTTAWA
BUSINESS STATISTICS BRANCH

BAROMETRICS FILE "E"

Dominion Statistician: S. A. Cudmore, M.A.(Oxon.), F.S.S., F.R.S.C.
Chief, Business Statistics Branch: Sydney B. Smith, M.A.

ECONOMIC CONDITIONS IN CANADA DURING THE FIRST EIGHT MONTHS OF 1944 COMPARED WITH THE SAME PERIOD OF 1943.

SECTION 1. ECONOMIC CONDITIONS

The major economic factors indicating the trend of economic conditions averaged higher in the first eight months of the present year than in any similar period. The most striking increase occurred in the deposit liabilities of the chartered banks. The marked upward trend in evidence since the outbreak of war was continued in the period under review. The average of four main classes of deposits in the first seven months was $4,538 million, an increase of 17.5 p.c. While the index of the physical volume of business has recently shown recession, the increase in the average for the first eight months over the same period of 1943 was slightly more than 3 p.c. The standing on the base of 1935-39 was 240.2 against 232.9 last year.

The gain in the index of wholesale prices was 3.7 p.c. The level of wholesale prices has been remarkably stable since last November. Prior to that time from the outbreak of hostilities a marked upward trend was shown. The index on the base of 1926 averaged 102.6 in the first eight months against 98.9 in the same period of 1943, a gain of 3.7 p.c. While Dominion bond prices were remarkably stable since the first quarter of 1943, a moderate increase has been shown during the present year. The index of bond yields consequently averaged slightly less than one year ago. Common stock prices were practically maintained at the levels of 1943, a decline of only 0.6 p.c. to 82.8 having been recorded. Speculative trading on the stock exchanges was at a slightly higher level than in the first eight months of 1943.

The amount of cheques cashed in clearing centres was 15.6 p.c. greater during the period under review. The total in the first eight months rose to $39,192 million, the highest level in history. Circulating media in the hands of the public including notes and coins rose from $725 million to $880 million, a gain of 21.4 p.c. Cash and cheque payments computed for the first seven months of the year amounted to nearly $49 billion compared with $41.5 billion in 1943, an increase of 18 p.c. having been indicated.

Due to a downward trend in the employment of labor forces during recent months the general index showed a slight recession in the first eight months of the present year as compared with the same period of 1943. The index was 181.9 against 182.0, the recession having been of minor proportions. Increases were shown in the labour force engaged in manufacturing, logging and trade, while declines were shown in mining and construction.

Four of the five components of the index of physical volume of business recorded increases in the period under review. Mineral production was at a slightly lower level, the recession in the index having been from 242.8 to 239.9. The decline in gold receipts at the Mint was 21.6 p.c. while coal production at 10,934,000 tons recorded a decline of 6.6 p.c.

Manufacturing production still recorded a minor gain over the first eight months of 1943, an index of 296 against 288.5 recording an increase of 2.7 p.c. Flour production in the first seven months was at a slightly lower position. The meat packing industry was considerably more active, increases having been shown in cattle and hog slaughterings. Factory cheese production rose 12.7 p.c., while a decline was recorded in creamery butter. The change in the release of cigarettes and cigars was of minor proportions, the cigarettes made available rising from 7,281 million to 7,506 million. The output of leather boots and shoes in the first seven months rose 2 p.c. to 17,450,000 pairs. Measured by the consumption of raw cotton the textile industry was less active than in the same period of 1943. Raw cotton used amounted to 109.1 million pounds against 123.8 million, a decline of 11.8 p.c. The production of newsprint at 1,988,000 tons showed a minor gain in the period under review. Steel ingots production was practically maintained, while an increase of 7.0 p.c. was shown in the output of pig iron.

New business obtained by the construction industry was at a considerably greater volume in the first eight months of the present year. The increase in contracts awarded was 47 p.c. while an advance of 61 p.c. was shown in building permits. The central electric stations supplied a greater amount of electrical energy in the first eight months of the present year. The consumption of firm power rose 1.7 p.c. to 23,677 million kilowatt hours.

Measured by the average of monthly indexes the distribution of commodities through wholesale and retail outlets recorded a gain in the first seven months. The increase in wholesale sales was 11 p.c. while an increase of 6.5 p.c. was shown in retail sales.

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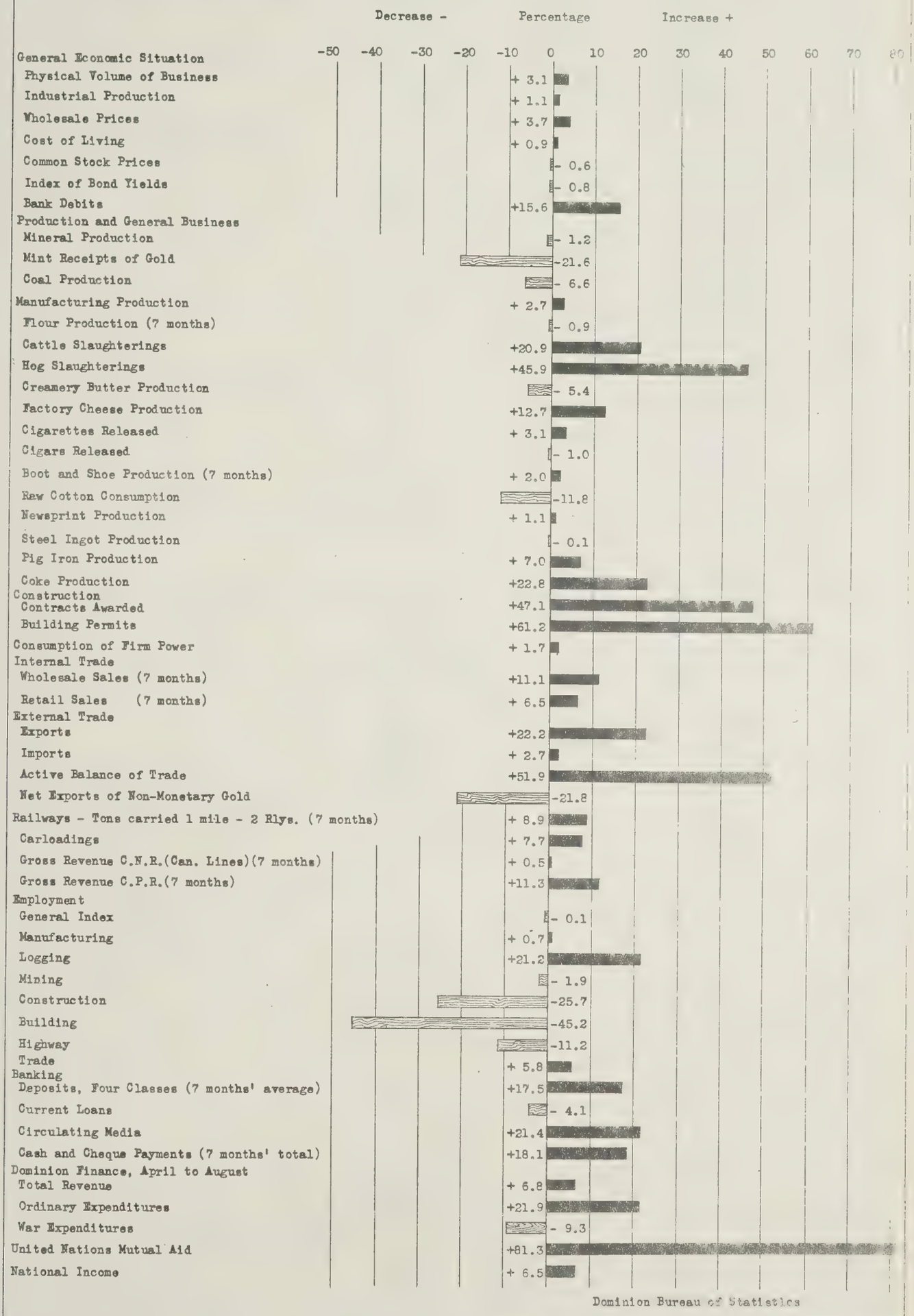
THE ECONOMIC SITUATION IN CANADA

for the first Eight Months of 1944

as compared with the same period of last year



Eighteen items recorded decline, while thirty-six showed increases.

Table 1. Statistics Illustrating the Economic Situation of Canada for the First Eight Months of 1944 compared with the same period of last year.

	Unit or Base Period	First Eight Months 1944	First Eight Months 1943	Per Cent Increase + Decrease -
General Economic Situation				
Index of Physical Volume of Business	1935-39=100	240.2	232.9	+ 3.1
Index of Industrial Production	1935-39=100	271.5	268.5	+ 1.1
Wholesale Prices	1926=100	102.6	98.9	+ 3.7
Cost of living	1935-39=100	119.0	117.9	+ 0.9
Index of Common Stock Prices	1935-39=100	82.8	83.3	- 0.6
Index of Bond Yields	1935-39=100	97.2	98.0	- 0.8
Bank Debits	$000	39,192,266	33,893,599	+ 15.6
Production and General Business				
Mineral Production	1935-39=100	239.9	242.8	- 1.2
Gold Receipts at Mint	Fine Ozs.	1,961,528	2,501,625	- 21.6
Coal Production	Tons	10,934,181	11,711,176	- 6.6
Manufacturing Production	1935-39=100	296.0	288.5	+ 2.7
Flour Production (7 Months)	Bbls.	13,918,919	14,047,645	- 0.9
Cattle Slaughterings	No.	1,258,643	1,040,774	+ 20.9
Hog Slaughterings	No.	6,120,701	4,194,768	+ 45.9
Creamery Butter Production	Lbs.	213,718,908	225,850,762	- 5.4
Factory Cheese Production	Lbs.	120,325,402	106,754,271	+ 12.7
Cigarettes released	No.	7,506,248,852	7,281,162,547	+ 3.1
Cigars released	No.	128,283,062	129,582,022	- 1.0
Leather Boots and Shoes (7 Months)	Pairs	17,449,717	17,101,783	+ 2.0
Raw cotton consumption	Lbs.	109,118,201	123,755,507	- 11.8
Paper and Lumber -				
Newsprint Production	Tons	1,987,540	1,965,605	+ 1.1
Iron and Steel -				
Steel Ingot Production	Short Ton	1,993,756	1,996,481	- 0.1
Pig Iron Production	Short Ton	1,266,979	1,184,064	+ 7.0
Coke Production	Short Ton	2,690,764	2,190,664	+ 22.8
Construction -				
Contracts awarded	$	209,116,600	142,159,000	+ 47.1
Building Permits (58 municipalities)	$	64,759,624	40,166,330	+ 61.2
Consumption of firm power	000 K.W.H.	23,676,529	23,289,093	+ 1.7
Internal Trade -				
Wholesale Sales (7 Months)	1935-39=100	179.6	161.7	+ 11.1
Retail Sales (7 Months)	1935-39=100	159.4	149.7	+ 6.5
External Trade -				
Exports	$000	2,309,686	1,889,733	+ 22.2
Imports	$000	1,170,304	1,139,703	+ 2.7
Active Balance of Trade	$000	+ 1,139,382	+ 750,030	+ 51.9
Net Exports of Non-Monetary gold	$000,000	76.6	97.9	- 21.8
Railways - Tons carried 1 mile - (7 Months) 2 Rlys.	000,000 tons	34,108	31,332	+ 8.9
Carloadings	No.	2,405,357	2,232,648	+ 7.7
Gross Revenue C.N.R. (Canadian Lines) (7 Months)	$	222,681,600	221,620,300	+ 0.5
Gross Revenue C.P.R. (7 Months)	$	182,603,[illegible]	164,096,472	+ 11.3
Employment - Unadjusted				
General Index	1926=100	181.9	182.0	- 0.1
Manufacturing		225.4	223.8	+ 0.7
Logging		222.4	183.5	+ 21.2
Mining		156.5	159.5	- 1.9
Construction		94.7	127.4	- 25.7
Building		92.6	169.0	- 45.2
Highway		107.3	120.9	- 11.2
Trade		161.5	152.6	+ 5.8
Banking -				
Deposits four Classes (7 Months' average)	$000	4,537,865	3,862,743	+ 17.5
Current Loans	$000	998,982	1,041,483	- 4.1
Circulating Media	$000,000	880.3	725.3	+ 21.4
Cash & Cheque Payments (7 Months' total)	$000,000	48,[illegible]58	41,468	+ 18.1
Dominion Finance - April to August				
Total Revenues	$	1,158,76[illegible],886	1,084,797,071	+ 6.8
Ordinary Expenditures	$	270,70[illegible],955	221,991,920	+ 21.9
War Expenditures	$	1,256,632,561	1,385,428,147	- 9.3
United Nations Mutual Aid	$	348,574,095	192,303,702	+ 81.3
National Income (Tentative Compulation)	$000,000	6,026	5,660	+ 6.5

Eighteen items recorded declines, while thirty-six showed increases.

INCOME ORIGINATING IN TRADE, 1942

$ 000

Type of Payment	Retail (a)	Wholesale (b)	Total (c)
Salaries and Wages	286,908	200,071	486,979
Withdrawals by Working Proprietors	174,469	28,723	203,192
Investment Income (net)[1] -			
Interest (net) on Bonds, Debentures	902	1,244	2,146
Dividends (net) on Stocks	15,064	19,064	34,128
Sub-total	15,966	20,308	36,274
Net Income Paid to Individuals [1]	477,343	249,102	726,445
Savings (undistributed profits)	30,104	12,263	42,367
Net Income Originating	507,447	261,365	768,812

1 Before deduction of Investment Income going abroad.

RETAIL TRADE

The estimate of income originating in retail trade was obtained mainly by projecting the statistics given in the report for 1941 issued by the Merchandising and Service Branch and from the questionnaire distributed to retail incorporated companies.

The salaries and wages in 1941 were obtained by deducting the total given for restaurants and an estimated amount disbursed in connection with service operations. A rate was obtained by dividing the remuneration of full-time employees by the number. The rate was divided into the wages of part-time employees to give the full-time equivalent of such employees. The total amount of salaries and wages paid was taken as the sum given for full-time employees and part-time employees. From the remuneration thus established was deducted $22,635,000 paid to employees working in restaurants.

A somewhat similar plan was adopted in regard to the computation of the withdrawals of the working proprietors. The rate of withdrawals for the proprietors reporting salaries was applied to the number who did not so report. The total withdrawals after allowing for the restaurant and service activities was placed at $174,469,000.

The net dividends and interest and corporate savings were collected by means of a questionnaire sent to incorporated companies engaged in retail trade supplemented by data regarding large companies furnished by the Research Department of the Bank of Canada. The savings of working proprietors were estimated by means of a study of withdrawals and rates of savings in the United States and similar basic data for Canada during the same period. The estimate was projected to 1942 by the relation of net income to stockholders in 1938 to that of the more recent year.

WHOLESALE TRADE

The statistics of wholesale trade were based on the survey of the industry conducted by the Merchandising and Services Branch of the Bureau.

Salaries and wages paid were reported as $188,456,000 in 1941. Using the data of employment and the average weekly payrolls this amount was projected to 1942. The number of working proprietors was compiled in connection with the census in question for 1941. The rate of withdrawals was taken at a differential over the wage rate. The net result of the computation was an estimate of $28,723,000 for the withdrawals for 1942. Dividends, interest and corporate savings were obtained by means of the general questionnaire. An estimate was made of the savings of working proprietors based on American experience and data in regard to the numbers and rates of proprietors in Canada for the same period. The projection was made on the basis of the amount of net income to stockholders in 1938 and 1942.

CHART A. - WHOLESALE AND RETAIL TRADE

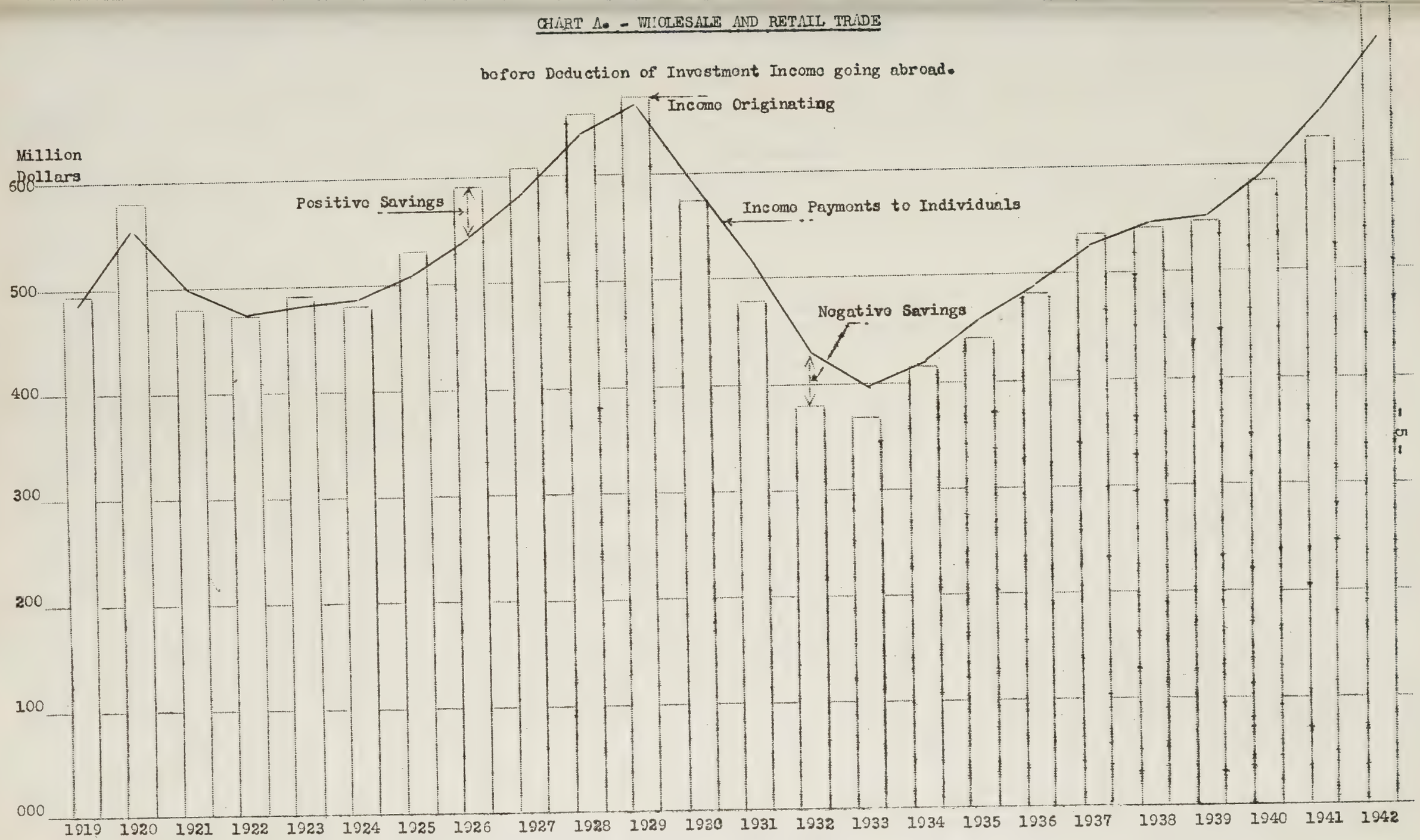


CHART B. - INCOME PAYMENTS TO INDIVIDUALS

IN TRADE

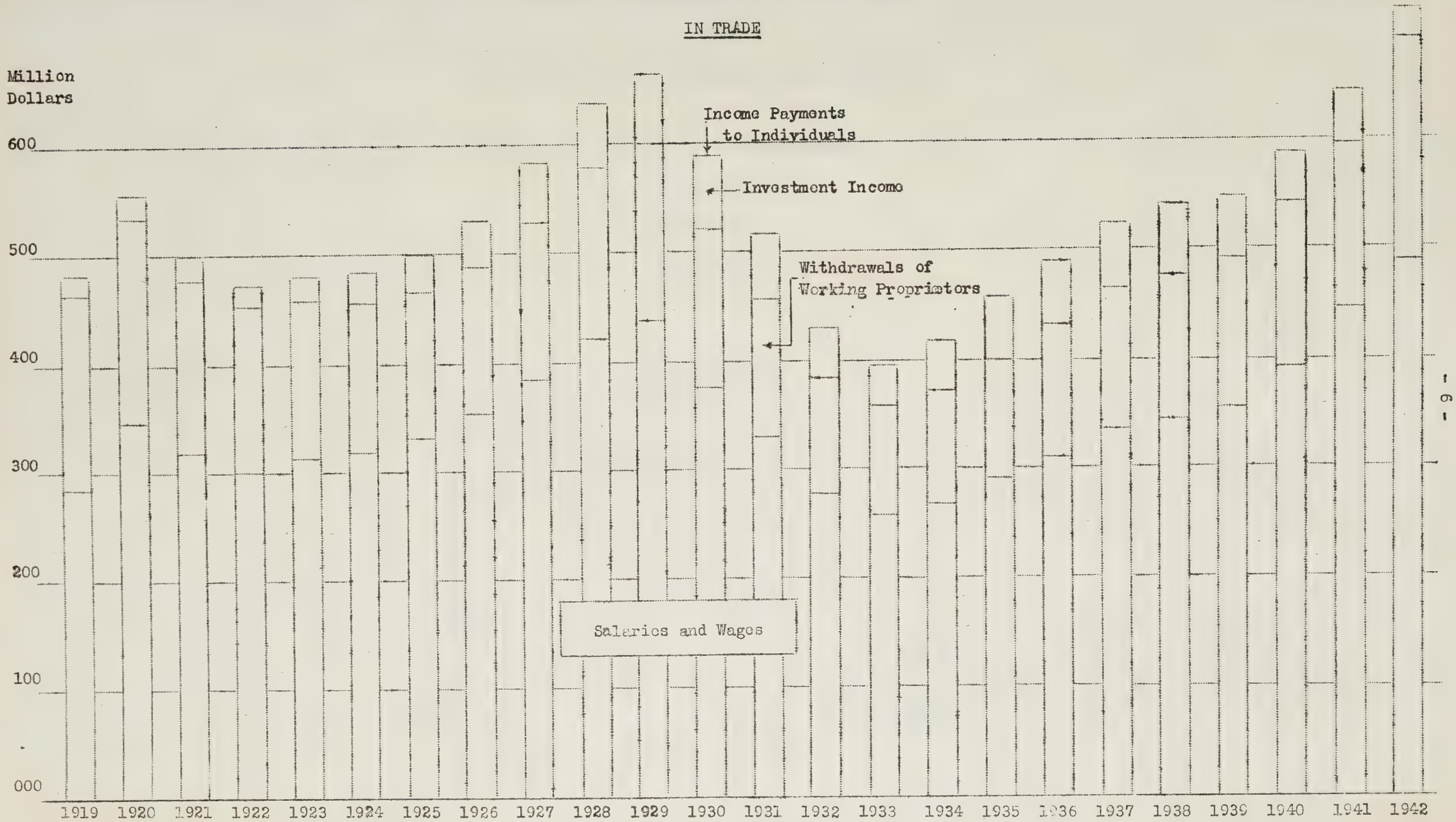
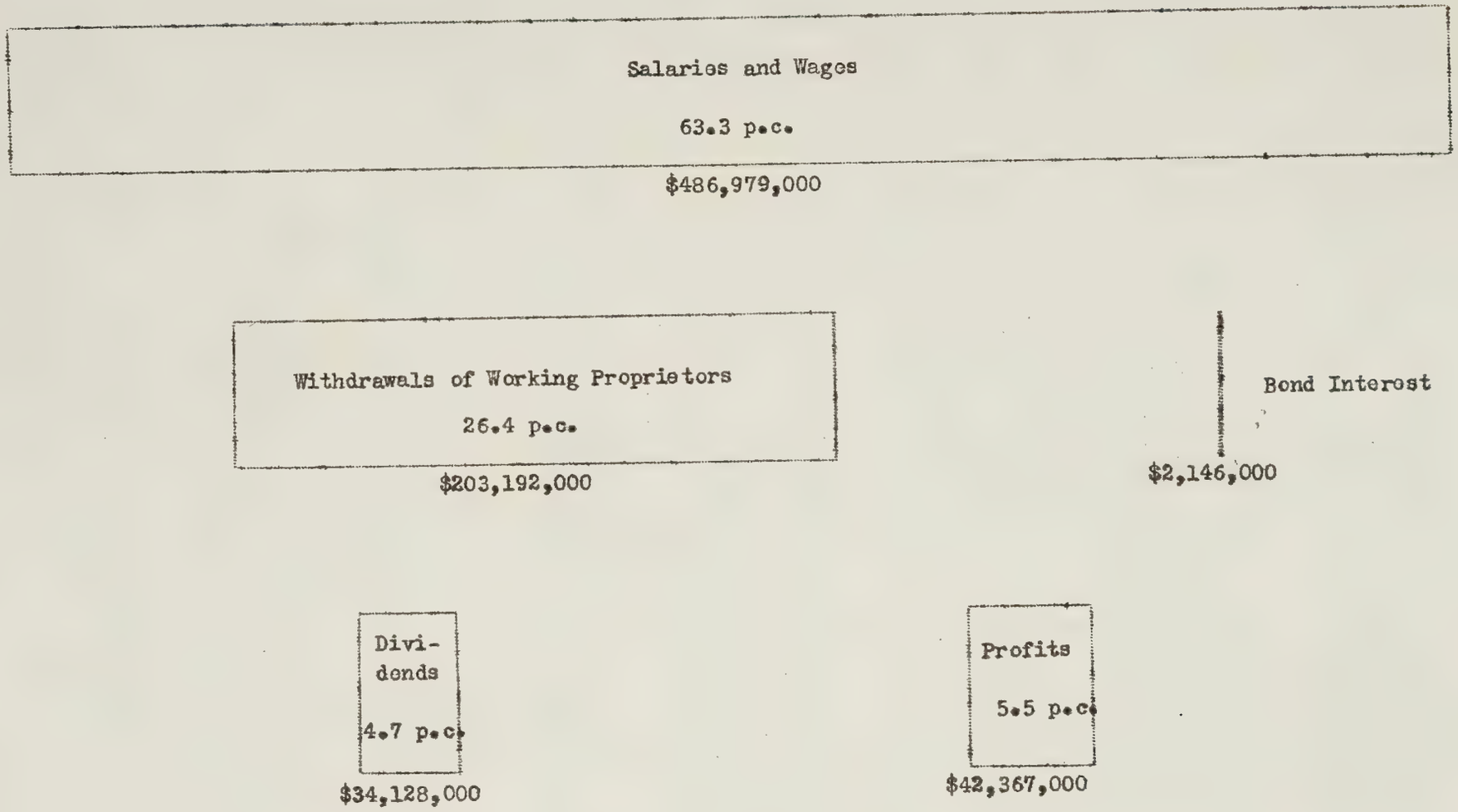


CHART C - INCOME ORIGINATING IN TRADE

1942

before Deduction of Investment Income going abroad.



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Minister of Trade and Commerce

DOMINION BUREAU OF STATISTICS - OTTAWA
BUSINESS STATISTICS BRANCH

BAROMETRICS FILE "E"

Dominion Statistician: S. A. Cudmore, M.A.(Oxon.), F.S.S., F.R.S.C.
Chief, Business Statistics Branch: Sydney B. Smith, M.A.

ECONOMIC CONDITIONS IN CANADA DURING THE FIRST NINE MONTHS OF 1944 COMPARED WITH THE SAME PERIOD OF 1943.

Economic operations were at a higher level during the first nine months of the present year than in any similar period. Productive operations averaged 2½ p.c. above the high level of the same period of 1943, the index of the physical volume of business having averaged 239.2 against 233.3. Wholesale prices were at a higher position than in any other year since 1925. The index passed through the line of parity with the base year of 1926 during July of last year, averaging 102.6 in the first nine months of the present year.

The deposit liabilities of the banks rose to a new high position in history, averaging 17½ p.c. greater in the first eight months of the present year than in the same period of 1943. New records were established in notice and demand deposits while Dominion Government balances fluctuated considerably due to heavy payments on Victory Loans and subsequent disbursements. The sum of the four classes of deposits averaged $4,554 million against $3,877 million. Dominion bond prices continued relatively steady at an exceedingly high level. The index of bond yields on the base of 1935-39 averaged 97.2 in the first nine months of the present year against 97.6 in the same months of 1943.

An index of common stock prices averaged 83.0 in the first nine months of the present year, a recession of one point from the standing in the same period of last year. The level of common stock prices during the last two years has been above that obtaining from mid-year 1940 to the end of 1942. The standing of the last twenty months was below that of 1938 and 1939. Speculative trading as measured by the number of shares traded on the stock exchanges was at a somewhat lower position in the period under review than in most years of the inter-war period.

Owing to the shortage of man-power, mineral production in the first nine months of the present year showed reduction from the same period of 1943, the index averaging 236.1 against 242.9, a decline of 2.8 p.c. The reduction in the output of coal was 6.4 p.c., while gold receipts at the Mint dropped 21.5 p.c.

While manufacturing production has shown a tapering off in recent months, the average for the first nine months was still somewhat above that for the same period of 1943 resulting in a new high point in history. The index averaged 294.8, an increase of about 5 points or 1.8 p.c.

The construction industry obtained a much larger volume of new business than in the first nine months of 1943. Contracts awarded amounted to nearly 46 p.c. greater than in the same period of last year while building permits rose 58 p.c. The consumption of firm power was 26,494 million kilowatt hours against 26,287 million representing a gain of nearly one p.c.

A considerable advance was shown in the volume of internal and external trade. Wholesale sales in the first eight months were 10.2 p.c. greater, while retail sales rose 6.2 p.c. Exports during the first nine months amounted to $2,577 million, one-fifth greater than in the same period of last year. Imports on the other hand showed a rise of only 4.2 p.c., the active balance of trade consequently rose sharply from $860 million to $1,247 million.

The general index of employment was slightly greater in the first nine months, the index on the base of 1926 standing at 182.6. Gains were shown in manufacturing, logging, highway construction and trade while mining and general construction were at a somewhat lower position. Circulating media in the hands of the public consisting of notes and coins rose 21 p.c. to $886 million. The cash and cheque payments were 18 p.c. greater at $55,412 million.

A minor increase was shown in the war expenditures aside from mutual aid, the total having been $1,628 million. The expenditures under the United Nations Mutual Aid act rose more than 28 p.c. to $350 million, the total expenditures in the two classes were consequently $1,978 million against $1,890 million in the first six months of the last fiscal year. The ordinary expenditures rose nearly 19 p.c. to $329 million while the total revenues, were 8 p.c. greater at $1,392 million.

The national income tentatively estimated at $8,724 million during the whole of 1943 has risen to a somewhat higher level during the elapsed portion of the present year. During the first nine months, the standing was $6,828 million, a gain of 6.3 p.c. over the total of $6,423 million recorded for the same period of last year. The standing in September this year was $802 million compared with $750 million in the preceding month. Important gains were shown in income originating in agriculture and in Government during September over the preceding month as well as over September, 1943.

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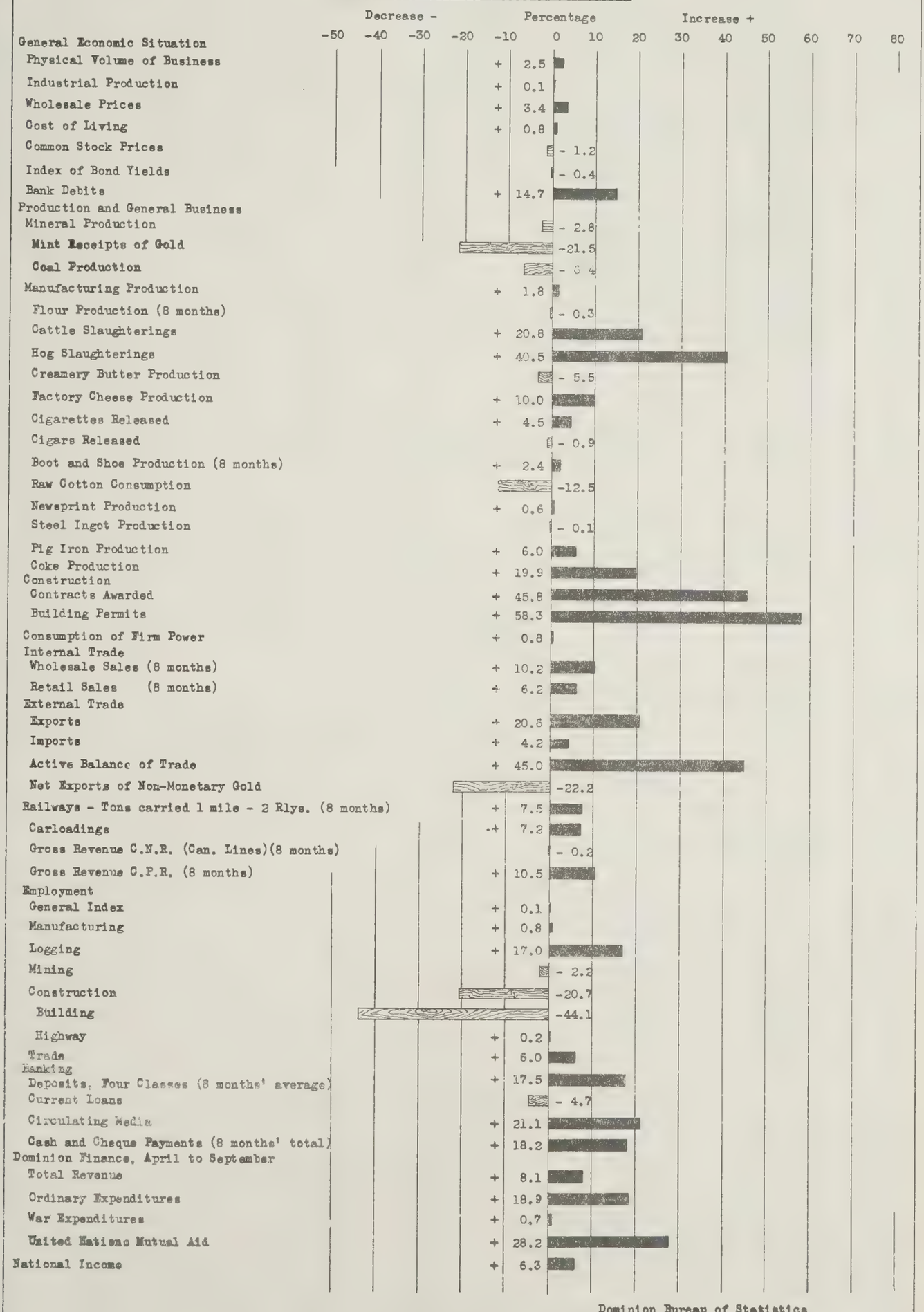
Minister of Trade and Commerce

THE ECONOMIC SITUATION IN CANADA

for the first Nine Months of 1944

as compared with the same period of last year



Sixteen items recorded decline, while thirty-eight showed increases.

Table 1. Statistics Illustrating the Economic Situation of Canada for the First Nine Months of 1944 compared with the same period of last year.

	Unit or Base Period	First Nine Months 1944	First Nine Months 1943	Per cent Increase + Decrease -
General Economic Situation				
Index of Physical Volume of Business	1935-39=100	239.2	233.3	+ 2.5
Index of Industrial Production	1935-39=100	270.3	269.9	+ 0.1
Wholesale Prices	1926 = 100	102.6	99.2	+ 3.4
Cost of Living	1935-39=100	119.0	118.1	+ 0.8
Index of Common Stock Prices	1935-39=100	83.0	84.0	- 1.2
Index of Bond Yields	1935-39=100	97.2	97.6	- 0.4
Bank Debits	$ 000	44,018,865	38,378,603	+ 14.7
Production and General Business				
Mineral Production	1935-39=100	236.1	242.9	- 2.8
Gold Receipts At Mint	Fine ozs.	2,189,490	2,788,396	- 21.5
Coal Production	Tons	12,330,350	13,167,991	- 6.4
Manufacturing Production	1935-39=100	294.8	289.7	+ 1.8
Flour Production (8 months)	Bbls.	15,934,785	15,984,748	- 0.3
Cattle Slaughterings	No.	1,436,850	1,189,477	+ 20.8
Hog Slaughterings	No.	6,561,282	4,670,596	+ 40.5
Creamery Butter Production	Lbs.	244,696,059	259,050,187	- 5.5
Factory Cheese Production	Lbs.	143,167,310	130,170,855	+ 10.0
Cigarettes released	No.	8,573,080,989	8,204,882,918	+ 4.5
Cigars released	No.	144,755,044	146,054,128	- 0.9
Leather Boots and Shoes (8 months)	Pairs	19,872,913	19,404,528	+ 2.4
Raw cotton consumption	Lbs.	120,759,767	137,945,938	- 12.5
Paper and Lumber -				
Newsprint Production	Tons	2,231,749	2,217,432	+ 0.6
Iron and Steel -				
Steel Ingot Production	Short Ton	2,236,481	2,237,736	- 0.1
Pig Iron Production	Short Ton	1,412,385	1,331,966	+ 6.0
Coke Production	Short Ton	3,017,915	2,516,941	+ 19.9
Construction -				
Contracts awarded	$	234,404,200	160,729,600	+ 45.8
Building Permits (58 municipalities)	$	72,844,652	46,012,447	+ 58.3
Consumption of firm power	000 K.W.H.	26,493,583	26,287,277	+ 0.8
Internal Trade -				
Wholesale Sales (8 months)	1935-39=100	182.2	165.4	+ 10.2
Retail Sales (8 months)	1935-39=100	159.1	149.8	+ 6.2
External Trade -				
Exports	$ 000	2,577,027	2,137,102	+ 20.6
Imports	$ 000	1,330,015	1,276,973	+ 4.2
Active Balance of Trade	$ 000	+ 1,247,013	+ 860,127	+ 45.0
Net Exports of Non-Monetary gold	$ 000,000	85.3	109.7	- 22.2
Railways - Tons carried 1 mile - (8 months) 2 Rlys.	000,000 tons	39,081	36,353	+ 7.5
Carloadings	No.	2,721,708	2,538,607	+ 7.2
Gross Revenue C.N.R. (Can. Lines) (8 months)	$	256,938,100	257,336,900	- 0.2
Gross Revenue C.P.R. (8 months)	$	211,171,267	191,134,249	+ 10.5
Employment - Unadjusted				
General Index	1926 - 100	182.6	182.5	+ 0.1
Manufacturing		225.4	223.7	+ 0.8
Logging		207.5	177.4	+ 17.0
Mining		155.9	159.4	- 2.2
Construction		102.0	128.6	- 20.7
Building		93.5	167.3	- 44.1
Highway		126.2	125.9	+ 0.2
Trade		161.6	152.5	+ 6.0
Banking -				
Deposits four Classes (8 Months' average)	$000	4,553,990	3,877,111	+ 17.5
Current Loans	$ 000	994,896	1,044,165	- 4.7
Circulating Media	$ 000,000	885.9	731.8	+ 21.1
Cash & Cheque Payments (8 Months' total)	$000,000	55,412	46,897	+ 18.2
Dominion Finance - April to September -				
Total Revenues	$	1,392,261,558	1,287,440,288	+ 8.1
Ordinary Expenditures	$	329,126,560	276,709,122	+ 18.9
War Expenditures	$	1,628,302,564	1,616,993,746	+ 0.7
United Nations Mutual Aid	$	350,074,139	272,974,084	+ 28.2
National Income (Tentative Computation)	$ 000,000	6,828	6,423	+ 6.3

Sixteen items recorded decline, while thirty-eight showed increases.

SECTION II - NATIONAL INCOME

Income Originating in the Financial Group, 1942.

Finance is the balance wheel of the entire economy, playing a leading role in the national organization. The transactions of the several financial groups are affected, especially in wartime, by the fiscal policy of the Dominion Government. The operations of the banking, insurance, trust and loan companies are under government supervision. Measured by the income originating, the group contributed slightly more than 6.3 p.c. of the national income of Canada in 1942. The income originating was $437 million in the same year, without adjustment for the international balance on dividends and interest.

In the finance group, real estate, insurance and banking are the main contributors to the national income. Real estate acquired first place in this connection owing to the inclusion of the value of services rendered by non-farm dwelling houses, stores and office buildings. The services rendered by dwelling houses have a market price, the rent, which makes a direct valuation possible even for houses occupied by the owner. Mortgage interest paid to individuals is also an important component of personal income segregated for convenience under the heading of real estate.

The group includes, in addition, stock and bond dealers, trust companies and loan and mortgage companies.

The income originating in the finance group is the sum of the payments made to individuals and the undistributed profits of the companies operating in the field. Five types of payments are peculiar to the group — interest on savings deposits, interest paid to individuals by insurance companies arising from claims paid to policyholders, interest from insurance and annuity contracts, non-farm mortgage interest and net rentals, as paid on rented property and estimated for owner-occupied dwellings.

Salaries and wages - Information was obtained from reports of registrars of loan and trust companies, reports of the Superintendents of Insurance, by questionnaire for banking and from census data with extension for real estate and stock and bond dealers. Employers' contributions to pension and superannuation funds were included under the heading of other labour income.

Withdrawals - The operations of the finance group are mainly conducted by incorporated companies, but withdrawals of working proprietors were estimated for stock and bond dealers and for the real estate industry. The numbers were based upon the records of the decennial census of 1941, with projection by appropriate indexes. The rates being taken as a differential over the wage rate, the withdrawals were computed by multiplying the numbers by the rates.

Net dividends and net interest on bonds and debentures - These two items comprise the gross amount of interest and dividend payments less the gross receipts within each industry. Much of the information was obtained from the Financial Post Survey of Corporate Securities, Phelan's Corporate Records, Reports of Registrars of trust and loan companies and the reports of the Superintendent of Insurance.

Deposit Interest - This item consists of the interest paid to individuals on deposit accounts in banks and other financial institutions, and was obtained from published reports and other basic sources.

Interest paid to individuals arising from claims paid to policyholders - Payments made by insurance companies in respect to claims are considered to be partially a return of past savings and partially income earned on these savings, while they were invested with the company. This latter portion is estimated from income and expenditure statements with allowance for amounts going to other business firms.

Mortgage interest - Estimated from data obtained in the decennial census, from reports of the Dominion and provincial governments, and the annual reports of insurance, mortgage, trust, banks and railway companies. Mortgages held by individuals were classified under two major groups. Interest on farm mortgages was included with agriculture, the remaining interest appearing under the heading of real estate in the finance group.

Interest paid to individuals arising from superannuation and annuity payments - This item consists of the estimated portion of superannuation annuity and pension payments of contributory plans, which represent interest on the original contributions. The data are derived by the application of a ratio to the total payments obtained from an analysis of relevant revenue and expenditure statements.

Net rentals - These comprise the net rentals received from tenants by owners of urban and other non-farm property. The estimate was based on information contained in the 1941 census and in company reports.

Savings - The net profits of banks as published were adjusted for bank premises written off, dividends and contributions to pensions, if not previously deducted, and other items. The savings of trust and loan and mortgage companies were computed by making certain adjustments to the excess of income over expenditures. The savings of the insurance group, computed through an analysis of the reports of the Superintendent of Insurance, consist of undistributed shareholders' profits.

INCOME ORIGINATING IN FINANCE, 1942

$000

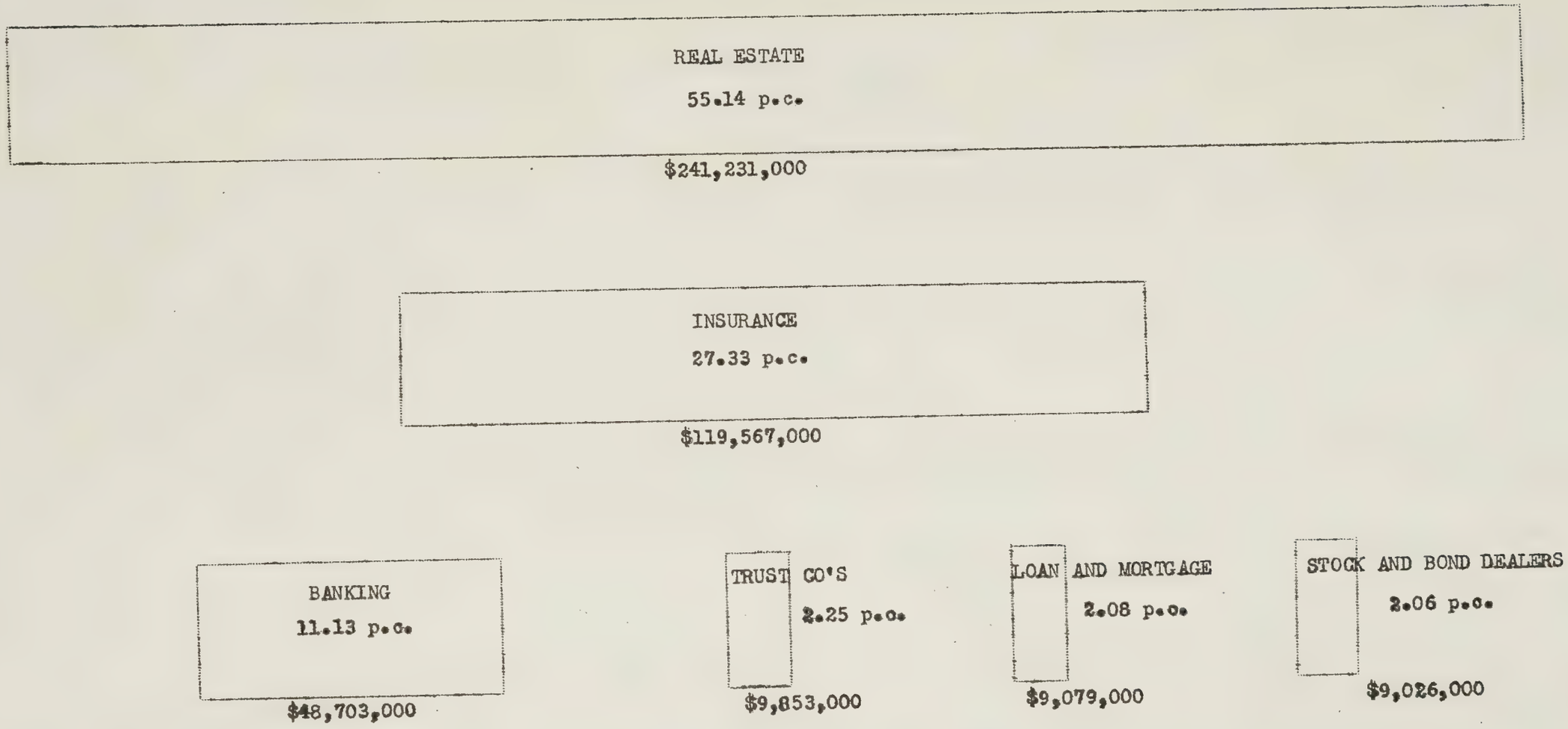
Type of Payment	Banking	Trust Companies	Loan and Mortgage Companies	Stock and Bond Dealers	Insurance	Real Estate	Total
	a	b	c	d	e	f	g
Gross Salaries and Wages	48,792	6,521	2,268	5,326	79,918	3,500	146,325
Other Labour Income –							
Employers' Contributions to Pension Funds	1,588	–	–	–	1,727	–	3,315
Withdrawals by Working Proprietors	–	–	–	3,700	–	5,000	8,700
Investment Income (Net) +							
Interest (net) on Bonds, Debentures	– 61,500	– 2,648	2,463	–	– 90,452	1,991	– 150,146
Interest on Savings Deposits (Individuals) ...	22,000	3,467	619	–	–	–	26,086
Interest paid to Individuals by Insurance Companies, arising from Claims paid to Policy-holders	–	–	–	–	48,529	–	48,529
Interest on Mortgages (Individuals)	–	–	–	–	–	35,000	35,000
Interest paid to Individuals arising from Superannuation and Annuity Payments	953	–	–	–	343	–	1,296
Dividends (net) on Stocks	12,370	1,309	1,836	–	– 9,264	–	6,251
Rentals (net) to Individuals on Urban and Other Non-farm Properties	–	–	–	–	–	195,740	195,740
Sub-total	– 26,177	2,128	4,918	–	– 50,844	232,731	162,756
Net Income Paid for Current Services + ...	24,203	8,649	7,186	9,026	30,801	241,231	321,096
Savings (undistributed profits)	24,500	1,204	1,893	–	88,766	–	116,363
Net Income Originating + ...	48,703	9,853	9,079	9,026	119,567	241,231	437,459

+ Before deduction of Net Investment Income going abroad.

Relative Importance of the Six Financial Groups

Annual Average of Income Originating

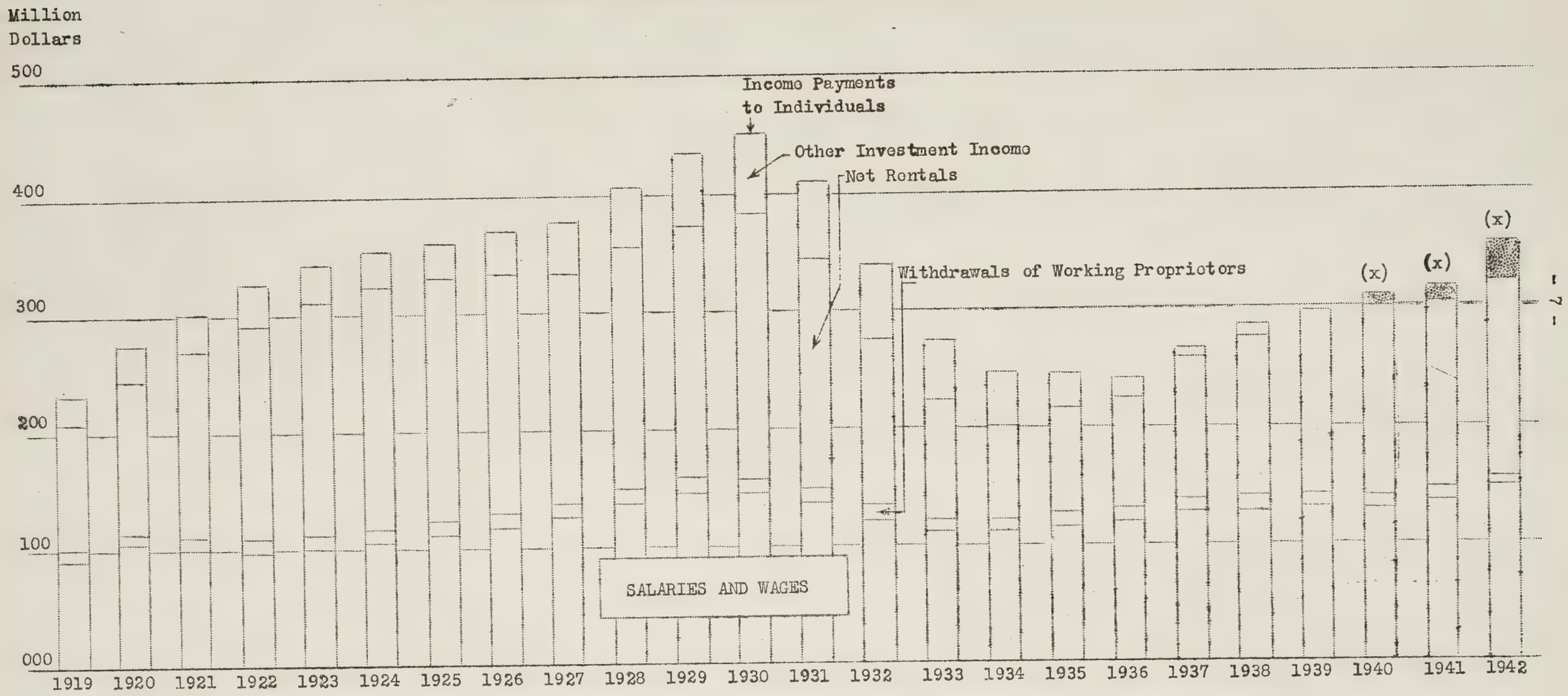
1942



Income Payments to Individuals

in the Financial Group

Before Deductions of International Balance on Dividends and Interest

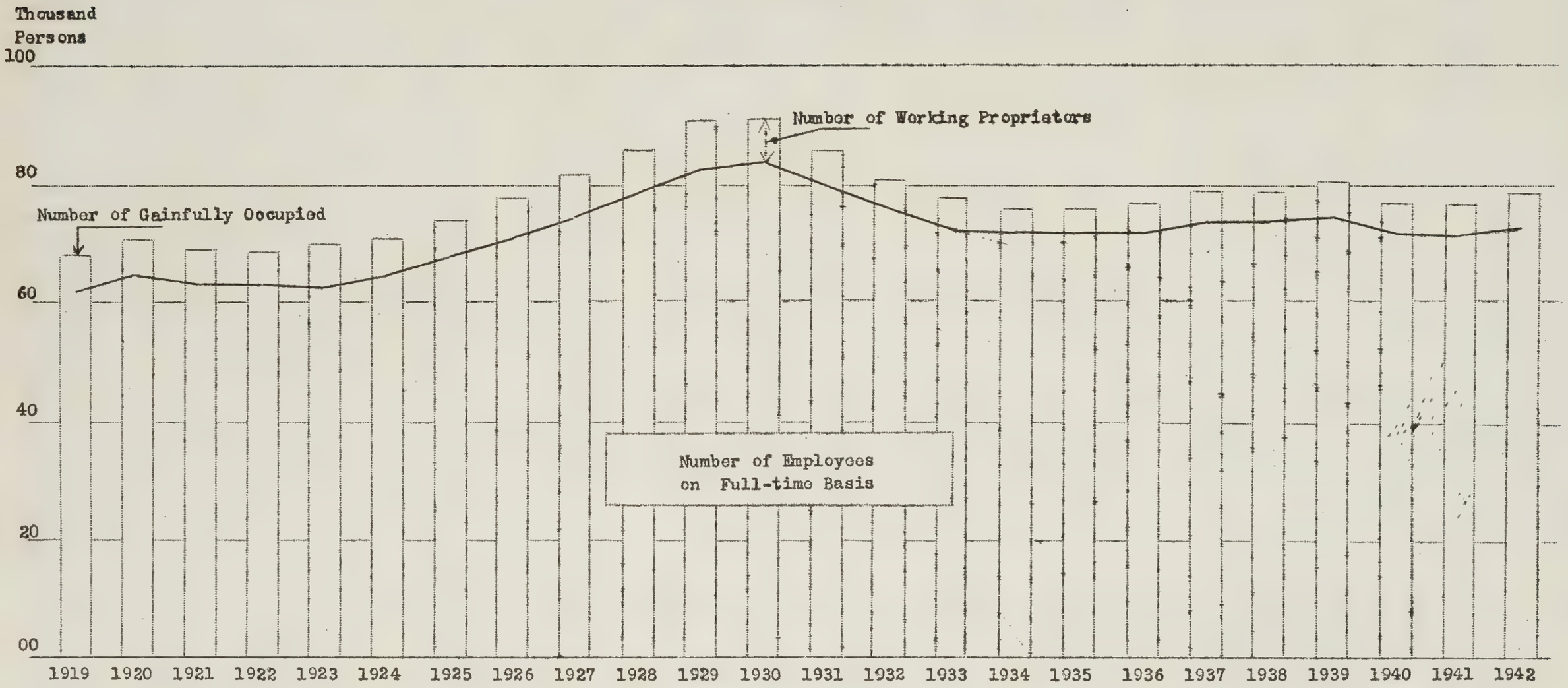


(x) Negative

Number of Persons Occupied

In the Financial Group

on a Full-time Basis



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DOMINION BUREAU OF STATISTICS - OTTAWA
BUSINESS STATISTICS BRANCH

Volume 11 Number 10

Dominion Statistician: S. A. Cudmore, M.A. (Oxon.), F.S.S., F.R.S.C.
Chief, Business Statistics Branch: Sydney B. Smith, M.A.

ECONOMIC CONDITIONS IN CANADA DURING THE FIRST TEN MONTHS OF 1944 COMPARED WITH THE SAME PERIOD OF 1943.

The major factors indicating the trend of economic conditions averaged higher in the first ten months of the present year than in the same period of 1943. Productive operations rose to a slightly higher position resulting in a new historical maximum. The index of the physical volume of business rose more than four points to 238.1. Wholesale prices recorded an average increase of about three per cent. The index on the base of 1926 averaged 102.6 against 99.5. The index passed through the line of parity with the base year during July, 1943, the standing in October having been 102.4. The average for the first ten months was greater than in any other similar period since 1926. The reaction resulting in the low point of 63.5 in February 1933 has been fully counterbalanced by the advance during the last twelve years.

The four main classes of chartered bank deposits averaged $4,573 million during the first ten months of the present year against $3,900 million in the same period of 1943, the gain having been no less than 17.3 p.c. An upward trend has been shown in bank deposits during the last eleven years but the pace has quickened since the outbreak of hostilities in September, 1939. A new maximum in history was reached during the present year. As bank deposits are the main component in the money supply, the present high level has significance in the operations of the national economy.

The increase in manufacturing production was of moderate proportions, the index recording an advance of less than one per cent. The meat packing industry was particularly active in the first ten months of the present year, the slaughtering of hogs rising from 5.3 million to 7.2 million while cattle moved up from 1.3 million to 1.6 million. Recession was shown in the output of creamery butter, while the increase in cheese production was 9½ p.c.

The output of newsprint showed a slight lead over the same period of last year, the total having been 2,490,000 tons. It is estimated that Canada's lumber production in 1944 will nearly reach an all-time record. The latest estimate was a cut of 4.7 billion board feet amounting to 100 million more than last year.

The release of cigarettes indicating conditions in the tobacco industry showed further increase in 1944. The total was 9,591 million against 9,174 million while a slight gain was shown in the release of cigars. The decline in raw cotton consumption due to the scarcity of labour amounted to 11.5 p.c., the total in the first ten months of 1944 having been 134 million pounds. The output of steel ingots and pig iron continued in heavy volume, minor increases having been shown over the same period of last year. The gain in coke production was 16.8 p.c., the total in the first ten months having been 3.3 million tons.

The volume of construction contracts for the ten months ended October amounted to $260 million compared with $180 million during the same period of last year. The gain in contracts was 44.7 p.c. while building permits in fifty-eight municipalities recorded a gain of 58.7 p.c. The consumption of firm power is still showing a slight gain over the same period of 1943, the total in the first ten months having been 29,489 million kilowatt hours.

Retail purchasing in Canada measured by the composite index in twelve lines dealing principally in foods, clothing, and household requirements averaged nearly eight per cent greater than in the corresponding period of last year. The index averaged 161.4 against 149.9. The gain in wholesale sales was more than 11 p.c., the index advancing from 166 to 184.6. The dollar value of sales in Canadian department stores averaged 10 p.c. greater than in the same period of last year.

Our export trade with both Britain and the United States during the first ten months of this year exceeded $1 billion, the increase in 1943 having been substantial. Shipments of Canadian goods directed to France were increased during October and in the two months during which ports have been open to Canadian cargo vessels, the value of direct exports to that country amounted to $10.3 million. Commodity exports to Britain in the first ten months of the year reached $1,055 million compared with $837 million in the same period of 1943. The gain in total merchandise exports was 20.6 p.c., the total in the first ten months having been $2,895 million. Imports, on the other hand, showed a moderate advance of 3½ p.c., the total in the period under review having been $1,490 million. Reduction was shown in the net exports of non-monetary gold from $121 million to $93.7 million but the active balance of trade on commodities other than gold rose from $960 million to $1,405 million, a gain of no less than 46.4 p.c.

The national income recorded a further advance in October occasioned by considerably greater farm income through grain marketings. The income of the month was tentatively estimated at $824 million against $802 million in September. The standing in the same month last year was about $748 million. The increase in the total for the first ten months was from $7,171 million to $7,652 million, the change having been 6.7 p.c.

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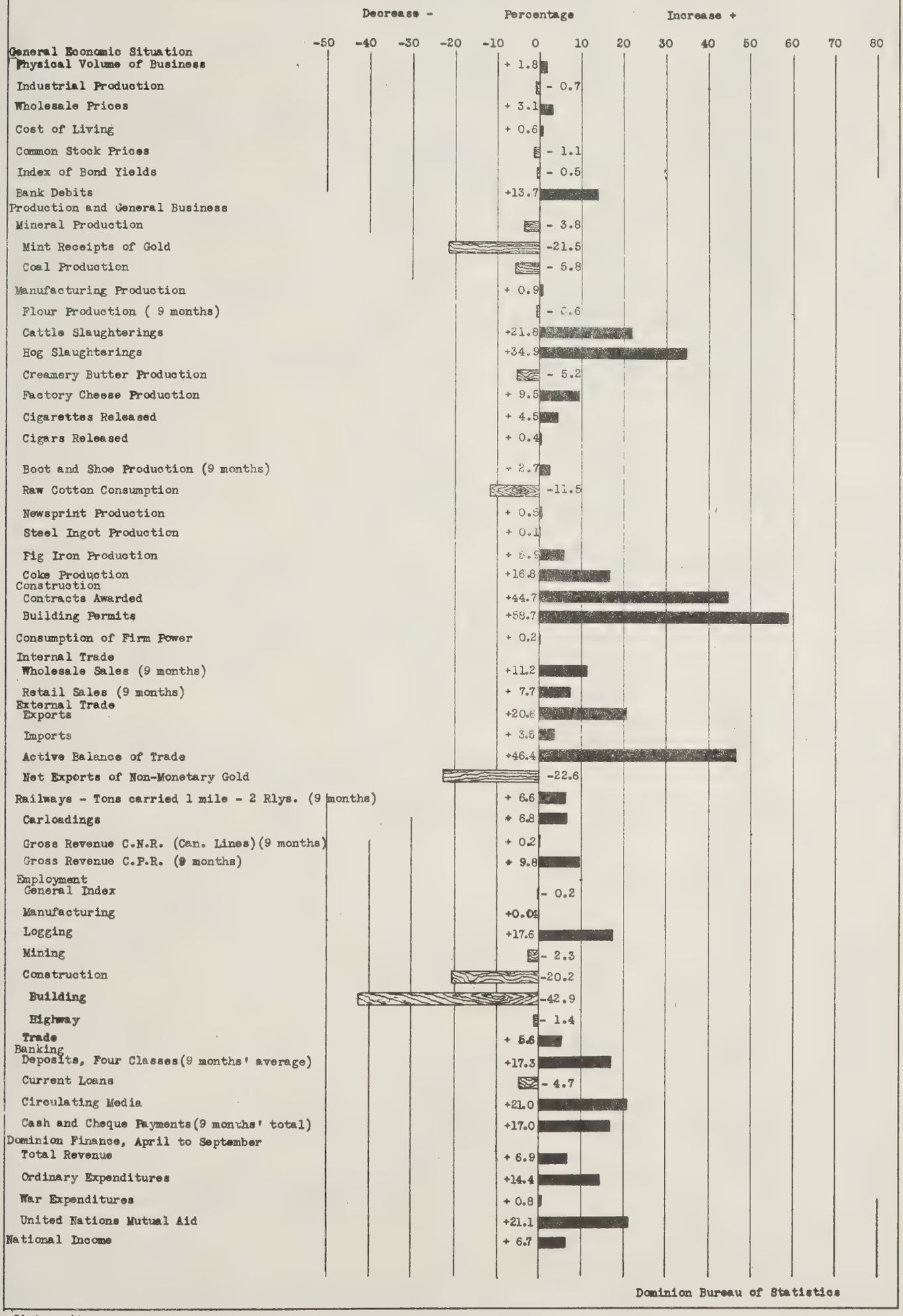
Minister of Trade and Commerce

THE ECONOMIC SITUATION IN CANADA

for the first Ten Months of 1944

as compared with the same period of last year



Sixteen items recorded decline, while thirty-eight showed increases.

Table 1. Statistics Illustrating the Economic Situation of Canada for the First Ten Months of 1944 compared with the same period of last year.

	Unit or Base Period	First Ten Months 1944	First Ten Months 1943	Per Cent Increase + Decrease -
General Economic Situation				
Index of Physical Volume of Business	1935-39=100	238.1	233.9	+ 1.8
Index of Industrial Production	1935-39=100	269.2	271.2	- 0.7
Wholesale Prices	1926 = 100	102.6	99.5	+ 3.1
Cost of Living	1935-39=100	118.9	118.2	+ 0.6
Index of Common Stock Prices	1935-39=100	83.3	84.2	- 1.1
Index of Bond Yields	1935-39=100	97.1	97.6	- 0.5
Bank Debits	$000	48,942,744	43,032,810	+ 13.7
Production and General Business				
Mineral Production	1935-39=100	233.4	242.6	- 3.8
Gold Receipts at Mint	Fine ozs.	2,412,032	3,074,537	- 21.5
Coal Production	Tons	13,862,645	14,708,732	- 5.8
Manufacturing Production	1935-39=100	293.9	291.2	+ 0.9
Flour Production (9 months)	Bbls.	17,907,403	18,013,971	- 0.6
Cattle Slaughterings	No.	1,621,614	1,331,219	+ 21.8
Hog Slaughterings	No.	7,170,354	5,315,264	+ 34.9
Creamery Butter Production	Lbs.	269,271,902	284,123,363	- 5.2
Factory Cheese Production	Lbs.	162,768,816	148,657,160	+ 9.5
Cigarettes released	No.	9,590,993,304	9,174,339,079	+ 4.5
Cigars released	No.	162,837,620	162,311,735	+ 0.4
Leather Boots and Shoes (9 months)	Pairs	22,273,138	21,680,170	+ 2.7
Raw cotton consumption	Lbs.	134,074,618	151,496,272	- 11.5
Paper and Lumber -				
Newsprint Production	Tons	2,490,050	2,476,768	+ 0.5
Iron and Steel -				
Steel Ingot Production	Short Ton	2,512,005	2,509,712	+ 0.1
Pig Iron Production	Short Ton	1,566,504	1,478,760	+ 5.9
Coke Production	Short Ton	3,348,771	2,866,167	+ 16.8
Construction -				
Contracts awarded	$	260,329,600	179,968,100	+ 44.7
Building Permits (58 municipalities)	$	81,565,489	51,398,313	+ 58.7
Consumption of firm power	000 K.W.H.	29,488,962	29,418,970	+ 0.2
Internal Trade -				
Wholesale Sales (9 months)	1935-39=100	184.6	166.0	+ 11.2
Retail Sales (9 months)	1935-39=100	161.4	149.9	+ 7.7
External Trade -				
Exports	$000	2,895,476	2,399,976	+ 20.6
Imports	$000	1,490,065	1,439,894	+ 3.5
Active Balance of Trade	$000	+ 1,405,411	+ 960,082	+ 46.4
Net Exports of Non-Monetary gold	$000,000	93.7	121.0	- 22.6
Railways - Tons carried 1 mile - (9 months) 2 Rlys.	000,000 tons	44,126	41,388	+ 6.6
Carloadings	No.	3,051,921	2,856,707	+ 6.8
Gross Revenue C.N.R. (Can. Lines) (9 months)	$	290,910,100	290,466,500	+ 0.2
Gross Revenue C.P.R. (9 months)	$	238,954,321	217,582,564	+ 9.8
Employment - Unadjusted				
General Index	1926 = 100	182.7	183.0	- 0.2
Manufacturing		225.3	225.2	+ 0.04
Logging		204.9	174.3	+ 17.6
Mining		155.3	159.0	- 2.3
Construction		103.2	129.4	- 20.2
Building		94.2	165.1	- 42.9
Highway		128.5	130.3	- 1.4
Trade		162.0	152.9	+ 5.6
Banking -				
Deposits four Classes (9 Months' average)	$000	4,573,140	3,900,240	+ 17.3
Current Loans	$000	988,716	1,038,009	- 4.7
Circulating Media	$000,000	894.9	739.4	+ 21.0
Cash & Cheque Payments (9 Months' total)	$000,000	62,313	53,249	+ 17.0
Dominion Finance - April to October -				
Total Revenues	$	1,643,008,570	1,537,344,642	+ 6.9
Ordinary Expenditures	$	380,903,875	332,886,287	+ 14.4
War Expenditures	$	1,986,758,556	1,971,634,446	+ 0.8
United Nations Mutual Aid	$	357,796,481	295,564,813	+ 21.1
National Income (Tentative Computation)	$000,000	7,652	7,171	+ 6.7

Sixteen items recorded decline, while thirty-eight showed increases.

11-D-01

DEPT. OF POLITICAL ECONOMY
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DOMINION BUREAU OF STATISTICS - OTTAWA
BUSINESS STATISTICS BRANCH

Volume 11 Number 11

Dominion Statistician: S. A. Cudmore, M.A.(Oxon.), F.S.S., F.R.S.C.
Chief, Business Statistics Branch: Sydney B. Smith, M. A.

ECONOMIC CONDITIONS IN CANADA DURING THE FIRST ELEVEN MONTHS OF 1944 COMPARED WITH THE SAME PERIOD OF 1943.

The factors indicating the trend of economic activity averaged higher in the first eleven months of 1944 than in the same period of any other year. While the business operations recorded recession, subsequent to the first quarter, the level for the year was somewhat higher than the preceding maximum reached in 1943. The index of the physical volume of business averaged one per cent higher, the standing on the five year pre-war base during the first eleven months of last year having been 237.2. While wholesale prices have been remarkably steady since October 1943, the level has been appreciably higher than in 1943. The index averaged 102.5 against 99.7, a gain of 2.8 p.c.

Common stock prices fluctuated within relatively narrow limits during the last two years. The index for the first eleven months in 1944 averaged slightly lower than in the same period of the preceding year. The index on the pre-war base was 83.6, a decline of 0.2 p.c. High grade bond prices averaged slightly higher in the first eleven months of 1944, fluctuations having been within narrow limits since the early part of 1943. The index of bond yields consequently averaged slightly lower in the first eleven months, the standing of 97.1 indicating a decline of ½ p.c. from the same period of the preceding year. The advance in bank deposits in progress since the outbreak of hostilities was continued in 1944. The ten months average of four main classes of deposits was $4.6 billion against $3.9 billion, a gain of 17.6 p.c. Speculative trading on the stock exchanges showed minor change from the levels of the preceding year.

National income on a tentative basis amounted to $8.4 billion in the first eleven months of last year against $7.9 billion, a gain of slightly more than 6 p.c. The standing in 1944 was higher than in any other year in Canada's history, the preceding maximum of $8,724 million having been reached in 1943. The total in November was $784.5 million against $767.3 million in the same month last year.

One of the most important economic generators bearing upon the dimensions of national income is the trend of capital formation coupled in recent years with the output of munitions and war supplies. It may be cited in this connection that the production of durable goods has shown particularly important gains in recent years. The number of employees engaged in the production of such goods [illegible] at the beginning of last October, an increase of 46.7 p.c. over June 1, 1941. New business in the form of contracts awarded recorded an increase of nearly 44 p.c. in the first eleven months of last year over the same period of 1943.

The external trade constitutes another important economic generator, the increase in the first eleven months having been 19 p.c. The total for that period of last year was $3.2 billion against $2.7 billion in the same period of the preceding year. The net exports of non-monetary gold showed a decline of 20 p.c. from $129.8 million to $103.8 million. Excluding the trade in gold the active balance of trade in the first eleven months of 1944 was $1,581 million, an increase of 44.6 p.c. over the same period of the preceding year.

The gross value of the principal field crops produced on Canadian farms in the year just ended was estimated at $1,319 million. The output was valued at $185 million above the total of 1943 and $140 million in excess of the previous high record established in 1942. Better than average crops combined with slightly higher prices in most cases brought about the increased value. The index of grain and livestock marketings on the pre-war base averaged 206 in the first eleven months, an increase of about 32 p.c. over the preceding year.

The index of mineral production receded from 241.7 to 229.6, a decline of 5 p.c. The value of the output was placed at $482.3 million compared with about $528 million in the preceding year, a decline of 8.6 p.c.

Recession was shown in manufacturing production in the latter part of 1943. The index of the output consequently was only slightly above the average for the first eleven months of that year. The increase in cattle slaughterings was nearly 23 p.c. while hog slaughterings recorded a gain of about 29 p.c., attesting to the increased activity in meat-packing plants. Recession was shown in the output of creamery butter, while factory cheese production recorded a considerable increase. The release of cigars and cigarettes was slightly greater than the high levels of 1943. Raw cotton used by the textile plants showed a decline of 10.5 p.c. in the period under review. The production of newsprint recorded an increase of ½ p.c. and the outward movement of lumber continued in heavy volume. The production of steel ingots and pig iron by the primary iron and steel industry were at a slightly higher level than in 1943.

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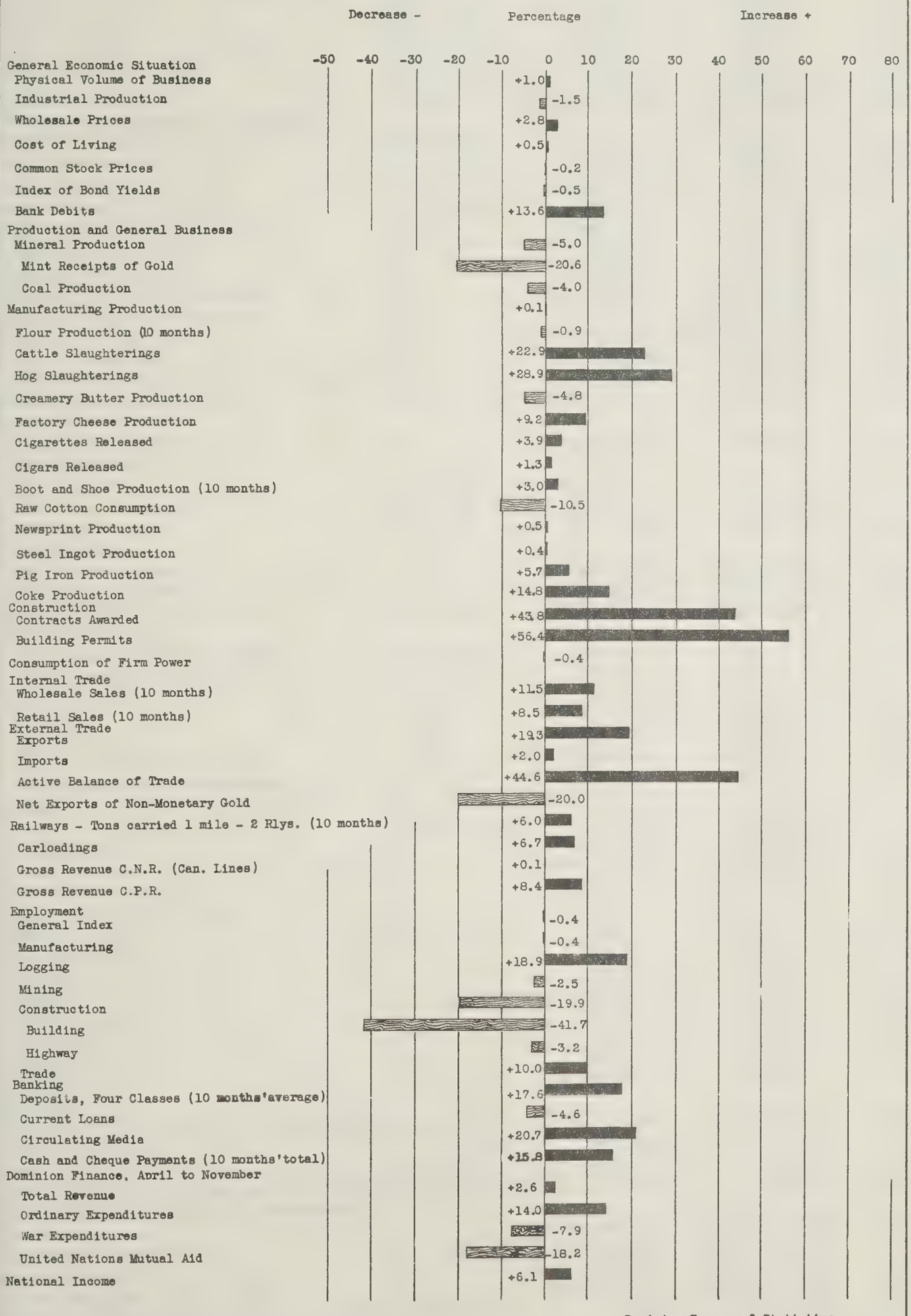
THE ECONOMIC SITUATION IN CANADA

for the first Eleven Months of 1944

as compared with the same period of 1943.



Dominion Bureau of Statistics

Twenty items recorded decline, while thirty-four showed increases.

Table 1. Statistics Illustrating the Economic Situation of Canada for the First Eleven Months of 1944 compared with the same period of 1943.

	Unit or Base Period	First Eleven Months 1944	First Eleven Months 1943	Per Cent Increase + Decrease -
General Economic Situation				
Index of Physical Volume of Business	1935-39=100	237.2	234.8	+ 1.0
Index of Industrial Production	1935-39=100	268.0	272.2	- 1.5
Wholesale Prices	1926 = 100	102.5	99.7	+ 2.8
Cost of Living	1935-39=100	118.9	118.3	+ 0.5
Index of Common Stock Prices	1935-39=100	83.6	83.8	- 0.2
Index of Bond Yields	1935-39=100	97.1	97.6	- 0.5
Bank Debits	$000	55,613,945	48,946,287	+13.6
Production and General Business				
Mineral Production	1935-39=100	229.6	241.7	- 5.0
Gold Receipts at Mint	Fine ozs.	2,651,599	3,338,205	-20.6
Coal Production	Tons	15,500,508	16,154,041	- 4.0
Manufacturing Production	1935-39=100	293.0	292.6	+ 0.1
Flour Production (10 months)	Bbls.	19,955,914	20,132,380	- 0.9
Cattle Slaughterings	No.	1,828,021	1,487,689	+22.9
Hog Slaughterings	No.	7,998,772	6,206,172	+28.9
Creamery Butter Production	Lbs.	285,604,608	299,919,068	- 4.8
Factory Cheese Production	Lbs.	172,241,265	157,685,363	+ 9.2
Cigarettes released	No.	10,634,607,120	10,237,984,832	+ 3.9
Cigars released	No.	181,742,560	179,334,470	+ 1.3
Leather Boots and Shoes (10 months)	Pairs	24,773,752	24,063,417	+ 3.0
Raw cotton consumption	Lbs.	148,417,704	165,749,912	-10.5
Paper and Lumber -				
Newsprint Production	Tons	2,746,812	2,733,104	+ 0.5
Iron and Steel -				
Steel Ingot Production	Short Ton	2,780,928	2,769,156	+ 0.4
Pig Iron Production	Short Ton	1,713,476	1,621,009	+ 5.7
Coke Production	Short Ton	3,677,628	3,204,775	+14.8
Construction -				
Contracts awarded	$	279,231,200	194,114,600	+43.8
Building Permits (58 municipalities)	$	88,398,615	56,504,373	+56.4
Consumption of firm power	000 K.W.H.	32,393,416	32,523,329	- 0.4
Internal Trade -				
Wholesale Sales (10 months)	1935-39=100	186.4	167.1	+11.5
Retail Sales (10 months)	1935-39=100	165.0	152.1	+ 8.5
External Trade -				
Exports	$000	3,212,949	2,693,389	+19.3
Imports	$000	1,631,682	1,600,205	+ 2.0
Active Balance of Trade	$000	1,581,267	1,093,184	+44.6
Net Exports of Non-Monetary gold	$000,000	103.8	129.8	-20.0
Railways - Tons carried 1 mile - (10 months) 2 Rlys.	000,000 tons	49,639	46,560	+ 6.0
Carloadings	No.	3,378,847	3,165,762	+ 6.7
Gross Revenue C.N.R. (Can. Lines)	$	356,987,800	356,739,400	+ 0.1
Gross Revenue C.P.R.	$	294,489,892	271,638,665	+ 8.4
Employment - Unadjusted				
General Index	1926 = 100	182.8	183.5	- 0.4
Manufacturing		224.9	225.7	- 0.4
Logging		208.0	175.0	+18.9
Mining		154.8	158.7	- 2.5
Construction		104.1	129.9	-19.9
Building		95.0	162.9	-41.7
Highway		129.9	134.2	- 3.2
Trade		162.8	148.0	+10.0
Banking -				
Deposits four Classes (10 months' average)	$000	4,611,499	3,920,929	+17.6
Current Loans	$000	985,214	1,032,749	- 4.6
Circulating Media	$000,000	902.6	747.6	+20.7
Cash and Cheque Payments (10 months' total)	$000,000	69,381	59,896	+15.8
Dominion Finance-April to November -				
Total Revenues	$	1,798,568,575	1,753,087,470	+ 2.6
Ordinary Expenditures	$	459,350,098	402,882,667	+14.0
War Expenditures	$	2,063,224,342	2,239,287,554	- 7.9
United Nations Mutual Aid	$	368,537,698	450,476,788	-18.2
National Income (Tentative Computation)	$000,000	8,426	7,938	+ 6.1

Twenty items recorded decline, while thirty-four showed increases.

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DEPT. OF POLITICAL SCIENCE
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Volume 11 BUSINESS STATISTICS BRANCH Number 12
Dominion Statistician: S. A. Cudmore, M.A. (Oxon.), F.S.S., F.R.S.C.
Chief, Business Statistics Branch: Sydney B. Smith, M.A.

ECONOMIC CONDITIONS IN CANADA DURING 1944 COMPARED WITH THE PRECEDING YEAR

Economic activity was greater in Canada during 1944 than in any other year. The index of the physical volume of business based on factors representing the trend of production and distribution averaged 236.8 compared with 235.9 in the preceding year. Productive operations reached a new high point in 1944, despite the recession in the later months of the year. The spectacular advance from the outbreak of hostilities to about one year ago resulted in a level of operations far in advance of any other period in Canada's history. The index in the last month of the year showed a slight increase over the preceding month, the year ending on an optimistic note.

The deposit liabilities of the chartered banks recorded a marked advance during the war period, reaching a new high level at the beginning of December last year. The average for the first eleven months of 1944 was $4,667 million against $3,969 million, an increase of no less than 17.6 p.c. Wholesale prices were relatively stable during 1944. The index, however, was 2½ p.c. above the average for the preceding year. The marked advance between September 1939 and the latter part of 1943 re-established the parity with the base. The index passed through the base line in July 1943 and has since fluctuated slightly above that level, the index averaging 102.5 during 1944. High-grade bond prices were relatively steady during the year, an upward drift having been discernible. The index of bond yields consequently showed recession in 1944 from the preceding year. The index on the base of 1935-39 averaged 97.1 against 97.5, a decline of 0.4 p.c. Bond prices have been relatively steady since the beginning of 1940, the levels of 1943 and 1944 being slightly above the three preceding years.

Speculative factors including the prices of common stocks and the number of shares traded on the stock exchanges recorded less fluctuation in 1943 and 1944 than in most other periods of similar duration. An index of common stock prices on the five year pre-war base was 83.8 in 1944 against 83.5 in the preceding year, a gain of 0.4 p.c.

Production: The components of the index of the physical volume of business were uneven in 1944 compared with the preceding year. Mineral and manufacturing production were at slightly lower levels. The construction industry was more successful in obtaining new business. The distribution of commodities was in a considerably heavier volume than in the preceding year. The consumption of firm power showed a decline of 1.6 p.c.

The index of mineral production based on 15 factors receded from 242 to 226, a drop of 6.5 p.c. Coal production was 4.6 p.c. less than in 1943 while the decline in gold receipts at the Mint was nearly 21 p.c. It is estimated that the value of mineral production was $482.3 million in 1944 against $527.9 million in the preceding year.

Manufacturing: The index of manufacturing production which had been 293.9 in 1943 receded ½ p.c. to 292.3 in 1944. The gain in cattle slaughterings was 24.7 p.c. and hog slaughterings rose 22.2 p.c. While the output of creamery butter receded 4.3 p.c., factory cheese rose 8.3 p.c. The total output of cheese in 1944 was 178.2 million pounds against 164.6 million in the preceding year. The release of cigars and cigarettes showed a slight percentage increase over 1943. The total releases of cigarettes were 11,666 million while the cigars made available numbered 197.8 million. Due to shortage in the labor force the cotton textile industry was less active in 1944. The raw cotton consumption was reduced from 180 million pounds to 161 million.

The output of newsprint showed a slight gain in 1944, the total having been 2,991,782 tons compared with 2,982,797. The primary iron and steel industry was more active, the output of steel ingots showing an increase of nearly one per cent while pig iron production was 5.4 p.c. greater. The output of coke rose from 3.5 million to 4.0 million tons, a gain of 12.8 p.c.

Construction and Power: The new business obtained by the construction industry recorded a marked expansion. Contracts awarded rose 41.7 p.c. while building permits in 58 municipalities was 55 p.c. greater. Contracts and permits were in much greater amount in 1944, but the index of employment indicated that actual operations were at a somewhat lower level than in the preceding year.

The consumption of firm power was 35,151 million kilowatt hours compared with 35,719 million in the preceding year. The production in December was 3,356 million kilowatt hours against 3,560 million in the same month of the preceding year.

Distribution: Internal trade was considerably more active in 1944. The index of wholesale sales in the first eleven months averaged 187.3 against 167.6 a gain of nearly 12 p.c. The index of retail sales was 167.4 against 154.0 a gain of 8.7 p.c.

The revenue freight carried one mile by the two principal railways rose from 51,844 million tons to 54,421 million a gain of 5 p.c. The increase in car loadings was 5.3 p.c., the total for 1944 having been 3,651,000.

The export trade recorded a marked expansion in 1944. The total was $3,483 million, a gain of 16 p.c. over 1943. As the imports showed only minor percentage gain the active balance of trade exclusive of gold rose more than 36 p.c. to $1,724 million. The net exports of non-monetary gold receded from $142 million to $109.7 million.

Employment: The general index of employment despite the recession in war production was nearly maintained in 1944. The index dropped, however, from 184.1 to 183.0, a decline of 0.6 p.c. Recession was shown in manufacturing and mining while considerable decline was noted in construction. Increases were recorded in logging and trade, the index for the latter rising from 155 to 164.

Banking: Circulating media in the hands of the public rose from $754 million to $908 million a gain of 20.5 p.c. Cash and cheque payments in the eleven months were estimated at $78.7 billion against $68.2 billion in the same period of 1943, a gain of 15.4 p.c. Current loans on the other hand showed a decline of nearly 4 p.c., the average in the first 11 months of 1944 having been $1,008 million.

Dominion Finance: The total revenues of the Dominion Government during the first nine months of the present fiscal year, extending from April to December, showed a decline of 1.2 p.c., the total in the recent period having been $1,940 million. War expenditures receded 12.6 p.c. to a total of $2,422 million. The expenditures under the United Nations Mutual Aid Act rose nearly 21 p.c. to $674.5 million. Ordinary expenditures were 16.6 p.c. greater at $528 million.

National Income: The national income of Canada on a tentative footing, moving up to $9,186 million in 1944, exceeded all previous records. The increase over 1943 was 5.3 p.c., the total in that year having been $8,724 million. Income originating in agriculture showed a marked gain, while increases in manufacturing and government were of lesser proportions.

The maximum monthly income was reached in October last year when agricultural marketings attained a high level. The standing in December was $766.3 million compared with $777.7 million in November. The total in the last month of the year was below the level of December 1943 computed at $785.3 million.

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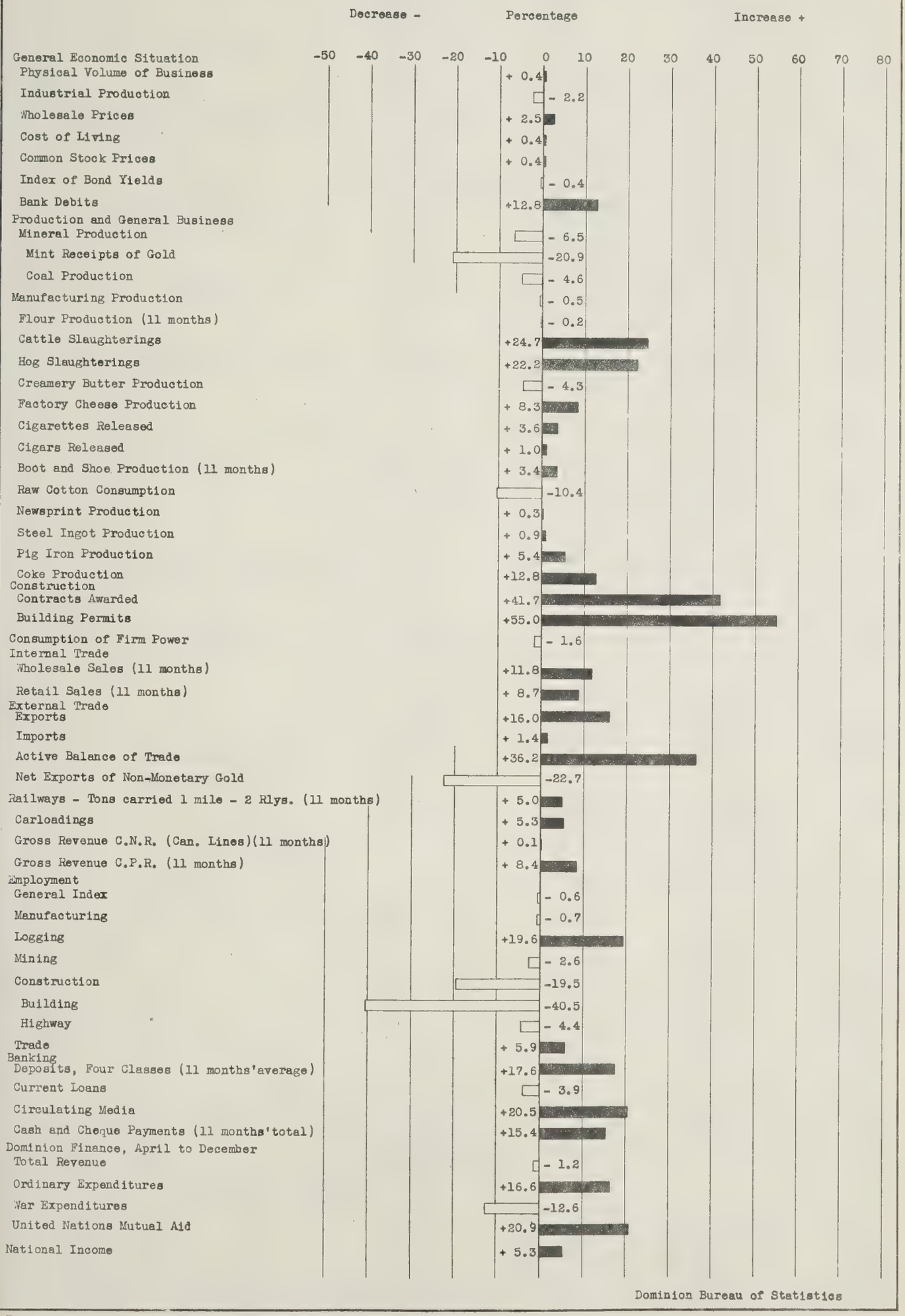
THE ECONOMIC SITUATION IN CANADA

in 1944 as compared with the preceding year.



Twenty items recorded decline, while thirty-four showed increases.

Table 1. Statistics Illustrating the Economic Situation of Canada in 1944 compared with the preceding year.

	Unit or Base Period	1944	1943	Per Cent Increase + Decrease -
General Economic Situation				
Index of Physical Volume of Business	1935-39=100	236.8	235.9	+ 0.4
Index of Industrial Production	1935-39=100	267.0	273.0	- 2.2
Wholesale Prices	1926 = 100	102.5	100.0	+ 2.5
Cost of Living	1935-39=100	118.9	118.4	+ 0.4
Index of Common Stock Prices	1935-39=100	83.8	83.5	+ 0.4
Index of Bond Yields	1935-39=100	97.1	97.5	- 0.4
Bank Debits	$000	60,676,954	53,796,715	+ 12.8
Production and General Business				
Mineral Production	1935-39=100	226.2	241.9	- 6.5
Gold Receipts at Mint	Fine ozs.	2,853,917	3,606,542	- 20.9
Coal Production	Tons	17,010,117	17,829,181	- 4.6
Manufacturing Production	1935-39=100	292.3	293.9	- 0.5
Flour Production (11 months)	Bbls.	22,262,521	22,301,263	- 0.2
Cattle Slaughterings	No.	2,014,700	1,615,719	+ 24.7
Hog Slaughterings	No.	8,766,441	7,173,556	+ 22.2
Creamery Butter Production	Lbs.	298,251,925	311,709,476	- 4.3
Factory Cheese Production	Lbs.	178,229,872	164,552,549	+ 8.3
Cigarettes released	No.	11,666,420,984	11,256,544,006	+ 3.6
Cigars released	No.	197,779,390	195,902,230	+ 1.0
Leather Boots and Shoes (11 months)	Pairs	27,339,975	26,430,481	+ 3.4
Raw cotton consumption	Lbs.	161,047,106	179,831,143	- 10.4
Paper and Lumber -				
Newsprint Production	Tons	2,991,782	2,982,797	+ 0.3
Iron and Steel -				
Steel Ingot Production	Short Ton	3,024,410	2,996,978	+ 0.9
Pig Iron Production	Short Ton	1,852,628	1,758,265	+ 5.4
Coke Production	Short Ton	4,001,563	3,548,696	+ 12.8
Construction -				
Contracts awarded	$	291,961,200	206,103,900	+ 41.7
Building Permits (58 municipalities)	$	95,387,498	61,537,956	+ 55.0
Consumption of firm power	000 K.W.H.	35,150,740	35,718,763	- 1.6
Internal Trade -				
Wholesale Sales (11 months)	1935-39=100	187.3	167.6	+ 11.8
Retail Sales (11 months)	1935-39=100	167.4	154.0	+ 8.7
External Trade -				
Exports	$000	3,483,099	3,001,352	+ 16.0
Imports	$000	1,758,899	1,735,077	+ 1.4
Active Balance of Trade	$000	+ 1,724,200	+ 1,266,275	+ 36.2
Net Exports of Non-Monetary Gold	$000,000	109.7	142.0	- 22.7
Railways - Tons carried 1 mile - (11 months) 2 Rlys.	000,000 tons	54,421	51,844	+ 5.0
Carloadings	No.	3,650,593	3,467,149	+ 5.3
Gross Revenue C.N.R. (Can. Lines) (11 months)	$	356,987,800	356,739,400	+ 0.1
Gross Revenue C.P.R. (11 months)	$	294,489,892	271,638,665	+ 8.4
Employment - Unadjusted				
General Index	1926 = 100	183.0	184.1	- 0.6
Manufacturing		224.5	226.1	- 0.7
Logging		215.8	180.5	+ 19.6
Mining		154.5	158.6	- 2.6
Construction		104.5	129.8	- 19.5
Building		95.3	160.2	- 40.5
Highway		130.8	136.8	- 4.4
Trade		164.2	155.1	+ 5.9
Banking -				
Deposits four Classes (11 months' average)	$000	4,666,871	3,969,405	+ 17.6
Current Loans	$000	1,007,566	1,048,065	- 3.9
Circulating Media	$000,000	908.0	753.8	+ 20.5
Cash and Cheque Payments (11 months' total)	$000,000	78,742	68,235	+ 15.4
Dominion Finance - April to December -				
Total Revenues	$	1,940,318,606	1,963,084,877	- 1.2
Ordinary Expenditures	$	528,033,111	452,847,754	+ 16.6
War Expenditures	$	2,422,378,759	2,772,694,422	- 12.6
United Nations Mutual Aid	$	674,525,384	558,026,400	+ 20.9
National Income (Tentative Computation)	$000,000	9,186	8,724	+ 5.3

Twenty items recorded decline, while thirty-four showed increases.

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Minister of Trade and Commerce
DOMINION BUREAU OF STATISTICS - OTTAWA
BUSINESS STATISTICS BRANCH

Volume 12 Number 1

Dominion Statistician: S. A. Cudmore, M.A. (Oxon.), F.S.S., F.R.S.C.
Chief, Business Statistics Branch: Sydney B. Smith, M.A.

ECONOMIC CONDITIONS IN CANADA DURING JANUARY COMPARED WITH SAME MONTH OF THE PRECEDING YEAR

The average of six strategic economic factors reached a new high position in January of the present year. The index of the physical volume of business showed a decline of 7.4 p.c. from the same month of 1944. The standing, however, was greater than in January of any other year. The deposit liabilities of the banks rose nearly 17p.c. over the standing one year before. The sum at the end of the year was $5,137 million against $4,395 million on the same date of 1943. Common stock prices owing to the recent advance were 9.7 p.c. higher than in January 1944. The index of common stock prices was 89.4 against 81.5. Speculative trading was at a considerably higher level in January than in any other January since 1937. Highgrade bond prices showed minor increase over the high level of January 1944. The index of bond yields receded from 97.3 to 96.7, a decline of 0.6 p.c. Wholesale prices have been remarkably steady for more than a year, the index for January having been 102.8 against 102.5 one year ago.

Production

The index of grain marketings at 278.0 in January showed an increase of about one point over the same month of 1944. Receipts of oats were 20.4 million bushels against nearly 9 million bushels in the same month last year. Wheat receipts at country elevators, on the other hand, showed a minor recession from 26.4 million bushels to 25.2 million. The index of livestock marketings on stockyards rose from 107.4 in January last year to 155.8. A marked gain was shown in the sale of cattle while hog sales were only slightly greater.

A considerable decline was shown in the index of mineral production while coal production was 1,682,000 tons against 1,621,000, a gain of 3.8 p.c. Gold receipts at the Mint on the other hand at 232,647 fine ounces recorded a decline of 9.3 p.c.

The index of manufacturing production was 274.3 in January against 303.5 in the same month last year, a decline of 9.6 p.c. The recent level of flour milling production was somewhat lower than in the same period of last year. The release of tobacco for consumption showed a marked gain, the index rising from 228.4 to 263.4. The increase in the release of cigarettes was 15.7 p.c. while cigars made available rose 10.3 p.c. A slight gain was shown in the activity of the meat packing industry, the index of slaughterings rising from 210.8 to 212.4. The slaughtering of cattle was at a considerably higher level while hogs declined from 941,000 to 756,000. The index of dairy production receded from 147 to 138.6. A slight increase was shown in the output of butter while the production of cheese was at a lower level. Canned salmon exports which had been 4,805,000 pounds receded to 1,897,000. The textile industry was considerably less active in January than in the same month of last year, the index receding from 143 to 130. The raw cotton used was 13.1 million against 13.4 million in January, 1944.

A considerable increase was shown in the output of newsprint from 242,658 tons to 264,766. The index of the operations of the industry including the lumber section rose from 114.2 to 116.8 The primary iron and steel industry was more active in January, the output of stell ingots rising from 242,000 tons to 269,000. The output of pig iron was 156,000 tons against 132,000. Owing to the considerable decline in operations of the secondary iron and steel industries, the general index for the entire group declined from 606 to 532.

The construction industry was successful in obtaining more new business in January than in the same month last year. The index after adjustment for price changes rose from 69.6 to 97.7. Contracts awarded were 33.5 p.c. greater while building permits showed a decline of 27.3 p.c. The production of electric power receded from 3,529 million kilowatt hours in January 1944 to 3,423 million in the first month of the present year, the consequent decline being about 3 p.c. The consumption of firm power receded from 3,137 million kilowatt hours to 2,797 million, a decline of 12.2 p.c. Secondary power consumption increased from 132 million kilowatt hours to 461 million.

Commodity distribution to retail and wholesale outlets showed considerable increases during the twelve month period. January sales of department stores recorded an increase of 12 p.c. over the same month of 1944, the index rising from 109.7 to 123.2. Referring to the external trade, imports were $129.7 million against $126.4 million in the same month last year. Exports on the other hand receded from $246. million to $234. million a decline of 4.9 p.c. The active balance of trade consequently was $104 million in January 1945 against $119.6 million in the same month one year before. The net exports of non-monetary gold receded from $9.4 million to $8.7 million, a decline of 7.4 p.c.

National income was tentatively computed at $741.3 million in January against $736.6 million in the same month of 1944 an increase of 0.6 p.c.

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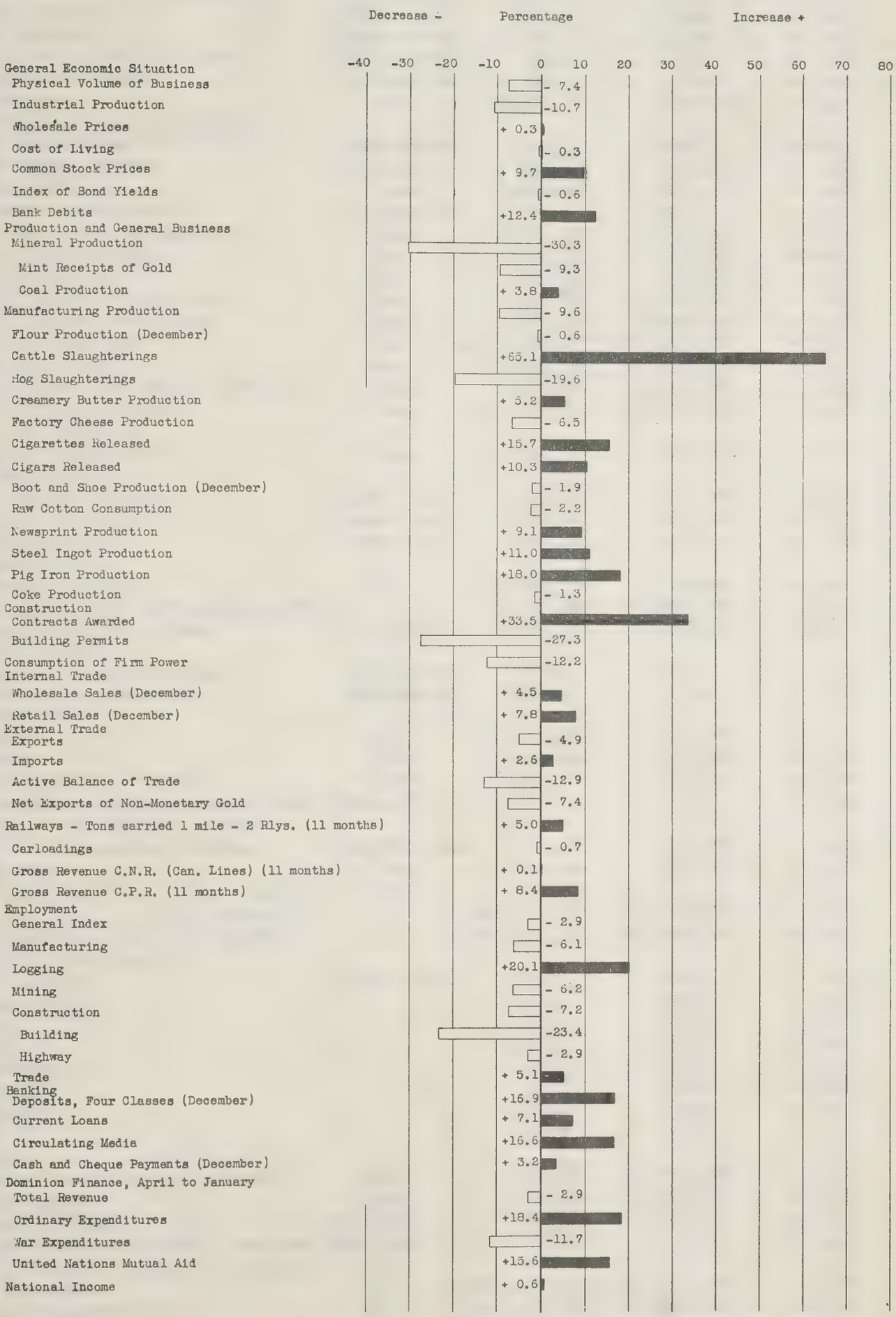
THE ECONOMIC SITUATION IN CANADA

for January 1945

as compared with the same month of last year



Dominion Bureau of Statistics.

The number of items recording declines and increases were exactly equal at twenty-seven each.

Table 1. Statistics Illustrating the Economic Situation of Canada for January 1945 compared with the same month of last year.

	Unit or Base Period	1945	1944	Per Cent Increase + Decrease -
General Economic Situation				
Index of Physical Volume of Business	1935-39=100	228.8	247.0	- 7.4
Index of Industrial Production	1935-39=100	245.8	275.4	- 10.7
Wholesale Prices	1926 = 100	102.8	102.5	+ 0.3
Cost of Living	1935-39=100	118.6	119.0	- 0.3
Index of Common Stock Prices	1935-39=100	89.4	81.5	+ 9.7
Index of Bond Yields	1935-39=100	96.7	97.3	- 0.6
Bank Debits	$000	5,069,995	4,512,474	+ 12.4
Production and General Business				
Mineral Production	1935-39=100	174.0	249.7	- 30.3
Gold Receipts at Mint	Fine ozs.	232,647	256,414	- 9.3
Coal Production	Tons	1,681,613	1,620,669	+ 3.8
Manufacturing Production	1935-39=100	274.3	303.5	- 9.6
Flour Production (December)	Bbls.	2,029,530	2,041,193	- 0.6
Cattle Slaughterings	No.	193,121	116,974	+ 65.1
Hog Slaughterings	No.	756,446	941,037	- 19.6
Creamery Butter Production	Lbs.	11,424,373	10,863,595	+ 5.2
Factory Cheese Production	Lbs.	2,417,954	2,585,126	- 6.5
Cigarettes released	No.	1,159,075,428	1,001,683,627	+ 15.7
Cigars released	No.	16,553,214	15,013,856	+ 10.3
Leather Boots and Shoes (December)	Pairs	2,203,293	2,245,295	- 1.9
Raw cotton consumption	Lbs.	13,127,147	13,417,550	- 2.2
Paper and Lumber -				
Newsprint Production	Tons	264,766	242,658	+ 9.1
Iron and Steel -				
Steel Ingot Production	Short Ton	268,722	242,186	+ 11.0
Pig Iron Production	Short Ton	155,969	132,128	+ 18.0
Coke Production	Short Ton	340,992	345,392	- 1.3
Construction				
Contracts awarded	$	11,721,900	8,782,400	+ 33.5
Building Permits (58 municipalities)	$	3,146,532	4,327,625	- 27.3
Consumption of firm power	000 K.W.H.	2,797,133	3,187,432	- 12.2
Internal Trade -				
Wholesale Sales (December)	1935-39=100	171.5	164.1	+ 4.5
Retail Sales (December)	1935-39=100	237.8	220.5	+ 7.8
External Trade -				
Exports	$000	233,862	245,990	- 4.9
Imports	$000	129,685	126,369	+ 2.6
Active Balance of Trade	$000	+ 104,177	+ 119,621	- 12.9
Net Exports of Non-Monetary Gold	$000,000	8.7	9.4	- 7.4
Railways - Tons carried 1 mile - (11 months) 2 Rlys.	000,000 tons	54,421	51,844	+ 5.0
Carloadings	No.	279,247	281,200	- 0.7
Gross Revenue C.N.R. (Can. Lines) (11 months)	$	356,987,800	356,739,400	+ 0.1
Gross Revenue C.P.R. (11 months)	$	294,489,892	271,638,665	+ 8.4
Employment - Unadjusted				
General Index	1926 = 100	180.4	185.7	- 2.9
Manufacturing		212.7	226.4	- 6.1
Logging		313.0	260.7	+ 20.1
Mining		146.4	156.1	- 6.2
Construction		98.2	105.8	- 7.2
Building		87.2	113.8	- 23.4
Highway		115.8	119.3	- 2.9
Trade		180.8	172.0	+ 5.1
Banking -				
Deposits four Classes (December)	$000	5,136,845	4,394,584	+ 16.9
Current Loans	$000	1,182,188	1,103,716	+ 7.1
Circulating Media	$000,000	990.1	849.0	+ 16.6
Cash and Cheque Payments (December)	$000,000	7,048	6,831	+ 3.2
Dominion Finance - April to January -				
Total Revenues	$	2,177,126,161	2,242,453,465	- 2.9
Ordinary Expenditures	$	594,131,952	501,850,709	+ 18.4
War Expenditures	$	2,679,532,921	3,033,356,622	- 11.7
United Nations Mutual Aid	$	679,346,574	587,604,615	+ 15.6
National Income (Tentative Computation)	$000,000	741.3	736.6	+ 0.6

The number of items showing increases and declines was the same at twenty-seven.

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DOMINION BUREAU OF STATISTICS - OTTAWA
BUSINESS STATISTICS BRANCH

Volume 12 / 1945 Number 2

Dominion Statistician: S. A. Cudmore, M.A. (Oxon.), F.S.S., F.R.S.C.
Chief, Business Statistics Branch: Sydney B. Smith, M.A.

ECONOMIC CONDITIONS IN CANADA DURING THE FIRST TWO MONTHS COMPARED WITH SAME MONTHS OF 1944.

An advance was shown in the average of six major factors indicating the trend of economic conditions in the first two months of 1945 over the same period of last year. A determining factor was the marked increase in the deposit liabilities of the chartered banks. The standing for the sum of the four main classes was $5,035 million in the first two months of the present year, against $4,245 million in the same period of 1944, a gain of no less than 18.6 p.c. Bank deposits have shown a marked increase since the outbreak of hostilities, the upward trend having been continued during the last twelve months. The maximum in business operations was reached during the early part of 1944. A declining trend has since been in evidence. The index of the physical volume of business averaged 222.7 in the first two months of the present year against 244.3, a decline of 8.8 p.c. The downward trend was continued in February, the latest month for which statistics are available.

The changes in wholesale prices and in prices of high grade bonds were of minor proportions. The index of wholesale prices showed a slight increase as compared with the first two months of last year. As the index of bond yields receded from 97.3 to 96.6, it is evident that bond prices of this description averaged slightly higher in the early months of the present year. Speculative factors, including common stock prices and the volume of trading on the stock exchanges, reached a higher position in the first two months of the present year. The index of common stock prices rose 11.5 p.c. in this comparison while speculative trading was at a higher level than at any other time since 1939.

Livestock marketings, as measured by sales in stock yards, rose 15.5 p.c. in the first two months, a marked increase having been shown in the marketings of cattle. Hog sales were slightly greater in January than in the same month of last year, but a considerable decline was shown in February. Deliveries of grain to country elevators in the Prairie Provinces were slightly greater in January this year while a considerable decline was shown in the second month of the year. Wheat receipts in February were 12.8 million bushels against 26.5 million in the same month last year.

The shortage of labor was a handicap to the mining industry in the early months of 1945. The index of production dropped 36 p.c. to 160.9. Gold receipts at the Mint were about 11 p.c. less than in the first two months of last year. Coal production, on the other hand, showed an increase of nearly 3 p.c.

Owing mainly to the reduction in war contracts, the index of manufacturing production receded 10.5 p.c. to 272.1. The standing in the first two months of 1944 was 304.0. The trend of the main components indicating activity in manufacturing plants was uneven in the first three months of the year, declines being predominant.

The output of newsprint showed moderate betterment, the total having been 504,427 short tons. As the production in the first two months of 1944 was 482,663 short tons, an increase of 4.5 p.c. was indicated.

The output of steel ingots showed an increase of 10 p.c. while the production of pig iron was 11.5 p.c. greater. The consumption of firm power, a barometric indicator of considerable significance, receded 13.4 p.c. The consumption was 5,332 million kilowatt hours compared with 6,157 million in the same period of last year.

The total revenues of the Dominion Government during the eleven months from April to February was $2,321 million, a decline of 6 p.c. from the same period of the previous year. Ordinary expenditures showed an increase of 19.5 p.c. in the same comparison, the total having been $630 million. War expenditures, on the other hand, showed a decline of 10 p.c., the total in the first eleven months of the present fiscal year having been $2,940 million. The United Nations Mutual Aid showed an increase of 1.4 p.c. to $682 million.

The national income computed on a tentative basis showed a decline of slightly more than 2 p.c. in the first two months of the present year. The total was $1,444 million against $1,475 million in the first two months of 1944. The standing in February was $707.6 million against $738.2 million in the same month of last year. The national income in the first month of the present year was $736,623,000 against $736,562,000 in the same month of 1944.

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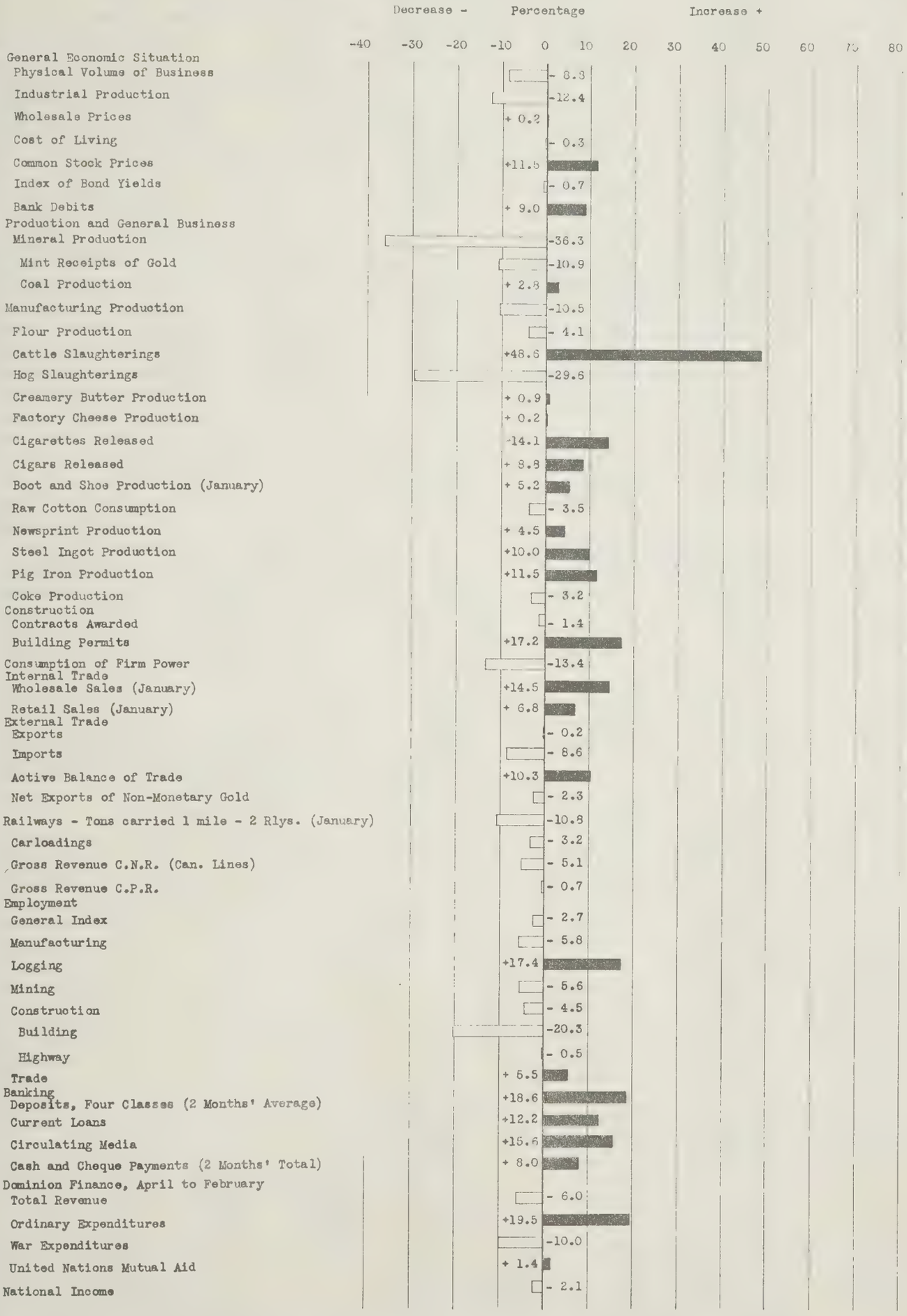
THE ECONOMIC SITUATION IN CANADA

for the first two months of 1945

as compared with the same period of last year.



Dominion Bureau of Statistics.

Twenty-nine items recorded declines, while twenty-five showed increases.

Table 1. Statistics Illustrating the Economic Situation of Canada for the First Two Months of 1945 compared with the same period of last year.

	Unit or Base Period	First Two Months 1945	First Two Months 1944	Per Cent Increase + Decrease -
General Economic Situation				
Index of Physical Volume of Business	1935-39=100	222.7	244.3	- 8.8
Index of Industrial Production	1935-39=100	243.0	277.5	- 12.4
Wholesale Prices	1926 = 100	102.8	102.6	+ 0.2
Cost of Living	1935-39=100	118.6	118.9	- 0.3
Index of Common Stock Prices	1935-39=100	91.1	81.7	+ 11.5
Index of Bond Yields	1935-39=100	96.6	97.3	- 0.7
Bank Debits	$000	9,503,505	8,720,506	+ 9.0
Production and General Business				
Mineral Production	1935-39=100	160.9	252.6	- 36.3
Gold Receipts at Mint	Fine ozs.	441,017	495,160	- 10.9
Coal Production	Tons	3,179,441	3,091,777	+ 2.8
Manufacturing Production	1935-39=100	272.1	304.0	- 10.5
Flour Production	Bbls.	3,960,667	4,128,898	- 4.1
Cattle Slaughterings	No.	355,403	239,126	+ 48.6
Hog Slaughterings	No.	1,319,164	1,874,977	- 29.6
Creamery Butter Production	Lbs.	22,024,982	21,825,987	+ 0.9
Factory Cheese Production	Lbs.	4,489,031	4,481,514	+ 0.2
Cigarettes released	No.	2,249,747,721	1,972,370,107	+ 14.1
Cigars released	No.	34,713,306	31,900,098	+ 8.8
Leather Boots and Shoes (January)	Pairs	2,410,060	2,291,098	+ 5.2
Raw cotton consumption	Lbs.	26,671,679	27,635,080	- 3.5
Paper and Lumber -				
Newsprint Production	Tons	504,427	482,663	+ 4.5
Iron and Steel -				
Steel Ingot Production	Short Ton	519,186	472,038	+ 10.0
Pig Iron Production	Short Ton	305,456	274,006	+ 11.5
Coke Production	Short Ton	655,075	676,900	- 3.2
Construction				
Contracts awarded	$	24,654,400	25,011,900	- 1.4
Building Permits (58 municipalities)	$	9,785,201	8,349,078	+ 17.2
Consumption of firm power	000 K.W.H.	5,331,968	6,156,707	- 13.4
Internal Trade -				
Wholesale Sales (January)	1935-39=100	182.6	159.5	+ 14.5
Retail Sales (January)	1935-39=100	143.1	134.0	+ 6.8
External Trade -				
Exports	$000	474,224	475,257	- 0.2
Imports	$000	242,058	264,739	- 8.6
Active Balance of Trade	$000	+232,166	+ 210,518	+ 10.3
Net Exports of Non-Monetary Gold	$000,000	17.1	17.5	- 2.3
Railways - Tons carried 1 mile - (January) 2 Rlys.	000,000 tons	4,274	4,790	- 10.8
Carloadings	No.	543,258	560,462	- 3.2
Gross Revenue C.N.R. (Can. Lines)	$	55,635,400	58,627,700	- 5.1
Gross Revenue C.P.R.	$	47,570,425	47,932,383	- 0.7
Employment - Unadjusted				
General Index	1926 = 100	179.6	184.5	- 2.7
Manufacturing		213.8	226.9	- 5.8
Logging		312.6	266.3	+ 17.4
Mining		148.9	157.8	- 5.6
Construction		94.0	98.4	- 4.5
Building		85.2	106.9	- 20.3
Highway		102.8	103.3	- 0.5
Trade		175.1	166.0	+ 5.5
Banking -				
Deposits four Classes (2 Months' average)	$000	5,035,129	4,244,590	+ 18.6
Current Loans	$000	1,117,430	996,316	+ 12.2
Circulating Media	$000,000	976.8	845.2	+ 15.6
Cash and Cheque Payments (2 Months' Total)	$000,000	13,343	12,349	+ 8.0
Dominion Finance - April to February -				
Total Revenues	$	2,320,527,935	2,469,189,954	- 6.0
Ordinary Expenditures	$	630,462,745	527,763,164	+ 19.5
War Expenditures	$	2,939,552,425	3,267,069,981	- 10.0
United Nations Mutual Aid	$	682,135,058	672,771,018	+ 1.4
National Income (Tentative Compulation)	$000,000	1,444	1,475	- 2.1

Twenty-nine items recorded declines, while twenty-five showed increases.

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DOMINION BUREAU OF STATISTICS - OTTAWA
BUSINESS STATISTICS BRANCH

Dominion Statistician: S. A. Cudmore, M.A.(Oxon.), F.S.S., F.R.S.C.
Chief, Business Statistics Branch: Sydney B. Smith, M.A.

ECONOMIC CONDITIONS IN CANADA DURING THE FIRST QUARTER COMPARED WITH THE SAME PERIOD OF 1944.

The volume of production during the first quarter showed recession from the high level of the same period of 1944. The index of the physical volume of business receded nearly 9 p.c. to 223.6. A recession was also shown in the general index of employment. Wholesale prices, on the other hand, showed a minor increase over the first quarter of 1944, the index moving up from 102.7 to 102.9.

The factors indicating farm income were lower in the first quarter than in the same period of 1944. The index of grain marketings receded from 259.6, the high level of last year, to 183.2, a decline of more than 29 p.c. Marketings were heavy in January of this year but receded to considerably lower levels in February and March. Livestock marketings, on the other hand, were considerably greater, the index advancing from 124.6 to 142.9. During the first quarter of the year there was a considerable increase in the inspected slaughterings of cattle, the gain being 44.7 p.c. over the first three months of 1944. Hog slaughterings, on the other hand, were sharply reduced, being 31.6 p.c. less than in the same period one year ago. Increases were shown in the output of butter and cheese, the gain being of relatively minor proportions. The price index of farm products rose slightly, the advance having been from 104.3 to 104.7.

The forestry industry was more active in the first quarter, the output of newsprint rising from 735,000 tons to 768,000, a gain of 4.6 p.c. Planks and boards were exported in greater volume, especially during February and March. Timber scaled in British Columbia amounted to 571.8 million feet against 530.9 million in the same period of last year. The export of fishery products rose from $14,090,000 to $14,213,000, a gain of 0.9 p.c. while a decline of 16 p.c. was shown in the export of furs.

A considerable decline was recorded in the index of mining production. Employment, however, according to the average of the monthly index, showed a recession of only 5.6 p.c. The price level of metals and minerals recorded only a slight gain over the first three months of last year. The production of electric energy showed a minor recession. The drop in the consumption of primary electric power from 9.3 billion kilowatt hours to 8.2 billion amounted to 12.3 p.c.

A considerable number of manufacturing industries operated at lower levels in the first quarter of this year than in that of 1944. The index of production receded from 302.8 to 271.8, a decline of slightly more than 10 p.c. The level of employment was also considerably lower during the first quarter. The prices of raw materials and of finished manufactured goods showed no appreciable change in this comparison. According to the statistics of freight loadings in tons and the numerical total of car loadings, railway traffic showed recession in this comparison. The railway freight movement in the first quarter of the year was 1,454,000 tons less or 5.8 p.c. below the level of the first quarter of 1944. The total was 23.5 million tons compared with nearly 25 million in the first three months of 1944. The first quarter of last year constituted an all-time record as far as the first quarter of the year is concerned. The movement in 1945 was greater than in the same period of any other year from 1940 to 1943.

Payrolls were somewhat greater in the first quarter of 1945 than in the same period of last year. The increase was due to a rise in rates rather than in the volume of employment. The aggregate weekly payments, averaged for the three representative weeks, showed an increase of 0.31 p.c. The average weekly rate was $31.73 against $31.24 for the same period of 1944, a gain of 1.56 p.c. A gain was shown in the employment of logging, highway construction and trade while declines were recorded in manufacturing, mining and building construction.

According to unofficial computations, dividends paid in the first quarter of the present year amounted to $68,381,000 against $61,457,000, a gain of 11.3 p.c. An index of dividend payments averaged 133.3 against 127.6 in the first quarter of 1944. Interest on the Dominion debt during the first eleven months of the present fiscal year amounted to $273 million against $200.9 million in the same period of the preceding year, the indicated gain being 35.9 p.c.

The national income, according to a tentative computation, was $2,180 million in the first quarter of the present year against $2,234 million, a decline of 2.4 p.c. Recession was shown in the income originating in agriculture and in manufactures, while many other groups recorded increases. The total in March was $735.4 million compared with $707.6 million in the preceding month, the standing in March of 1944 having been $759.3 million.

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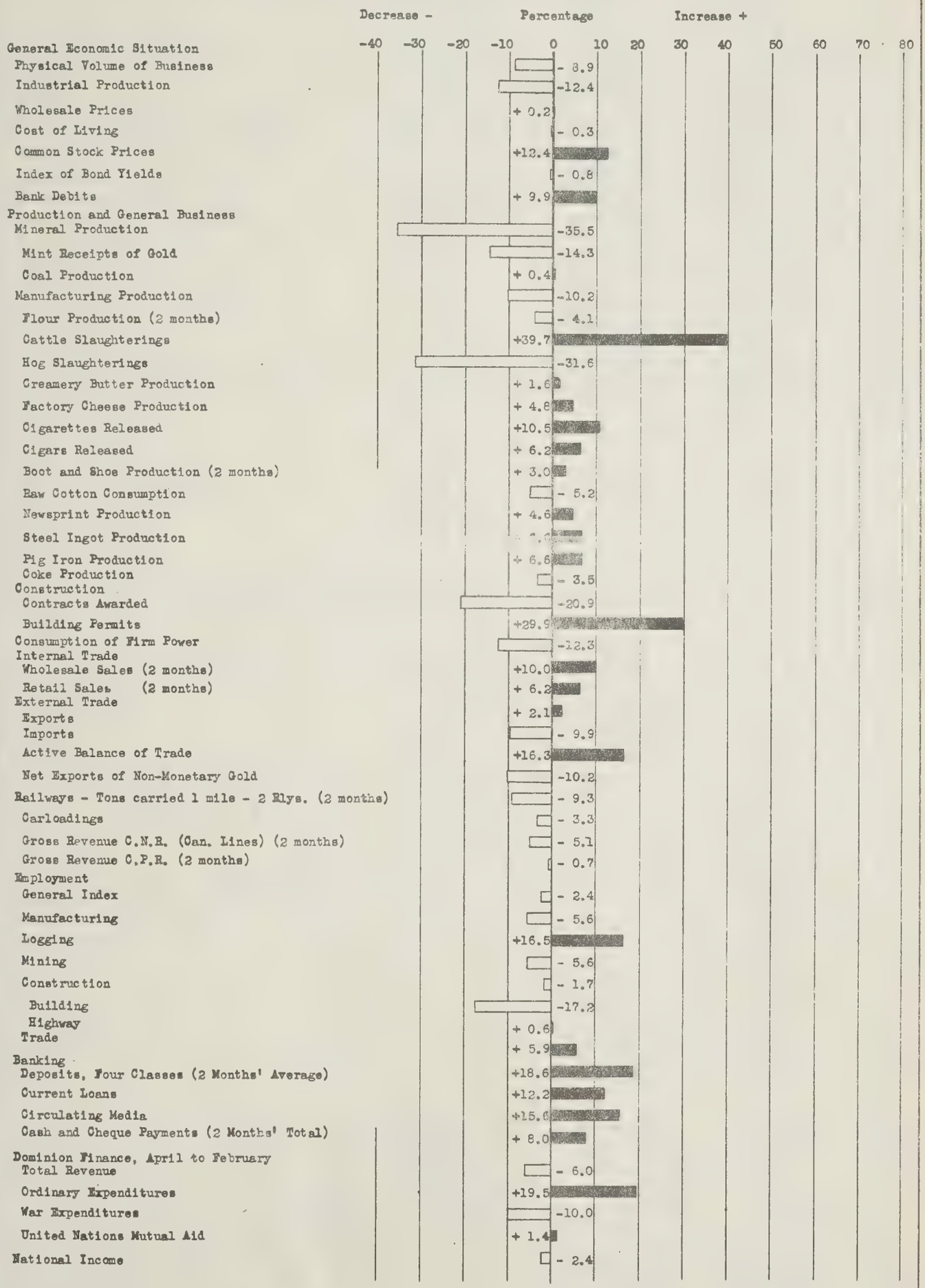
THE ECONOMIC SITUATION IN CANADA

for the First Quarter of 1945

as compared with the same period of last year.



Dominion Bureau of Statistics.

The number of items showing increases and declines was the same at twenty-seven.

Table 1. Statistics Illustrating the Economic Situation of Canada for the First Quarter of 1945 compared with the same period of last year.

	Unit or Base Period	First Quarter 1945	First Quarter 1944	Per Cent Increase + Decrease -
General Economic Situation				
Index of Physical Volume of Business	1935-39=100	223.8	245.3	- 8.9
Index of Industrial Production	1935-39=100	244.7	279.2	- 12.4
Wholesale Prices	1926 = 100	102.9	102.7	+ 0.2
Cost of Living	1935-39=100	118.6	118.9	- 0.3
Index of Common Stock Prices	1935-39=100	91.8	81.7	+ 12.4
Index of Bond Yields	1935-39=100	96.5	97.3	- 0.8
Bank Debits	$000	14,832,463	13,493,784	+ 9.9
Production and General Business				
Mineral Production	1935-39=100	165.1	255.9	- 35.5
Gold Receipts at Mint	Fine ozs.	652,974	761,525	- 14.3
Coal Production	Tons	4,646,923	4,629,744	+ 0.4
Manufacturing Production	1935-39=100	271.8	302.8	- 10.2
Flour Production (2 months)	Bbls.	3,960,667	4,128,898	- 4.1
Cattle Slaughterings	No.	553,540	396,121	+ 39.7
Hog Slaughterings	No.	1,920,481	2,807,283	- 31.6
Creamery Butter Production	Lbs.	36,549,807	35,970,191	+ 1.6
Factory Cheese Production	Lbs.	8,021,356	7,652,181	+ 4.8
Cigarettes released	No.	3,337,579,349	3,021,521,004	+ 10.5
Cigars released	No.	53,379,931	50,279,415	+ 6.2
Leather Boots and Shoes (2 months)	Pairs	4,974,869	4,829,275	+ 3.0
Raw cotton consumption	Lbs.	41,659,657	43,938,622	- 5.2
Paper and Lumber -				
Newsprint Production	Tons	768,203	734,755	+ 4.6
Iron and Steel -				
Steel Ingot Production	Short Ton	796,647	747,577	+ 6.6
Pig Iron Production	Short Ton	471,273	442,053	+ 6.6
Coke Production	Short Ton	996,868	1,032,608	- 3.5
Construction				
Contracts awarded	$	44,305,800	56,031,200	- 20.9
Building Permits (58 municipalities)	$	17,446,716	13,4[illegible],963	+ 2[illegible].9
Consumption of firm power	000 K.W.H.	8,159,478	9,306,157	- 12.3
Internal Trade -				
Wholesale Sales (2 months)	1935-39=100	180.5	164.1	+ 10.0
Retail Sales (2 months)	1935-39=100	144.9	136.5	+ 6.2
External Trade -				
Exports	$000	781,231	765,200	+ 2.1
Imports	$000	374,544	415,525	- 9.9
Active Balance of Trade	$000	+ 406,687	+ 349,675	+ 16.3
Net Exports of Non-Monetary Gold	$000,000	27.3	30.4	- 10.2
Railways - Tons carried 1 mile - (2 months) 2 Rlys.	000,000 tons	8,403	9,268	- 9.3
Carloadings	No.	843,754	872,664	- 3.3
Gross Revenue C.N.R. (Can. Lines (2 months)	$	55,635,400	58,627,700	- 5.1
Gross Revenue C.P.R. (2 months)	$	47,570,425	47,932,383	- 0.7
Employment - Unadjusted				
General Index	1926 = 100	179.2	183.6	- 2.4
Manufacturing		214.0	226.7	- 5.6
Logging		311.7	267.6	+ 16.5
Mining		149.5	158.3	- 5.6
Construction		92.4	94.0	- 1.7
Building		84.0	101.4	- 17.2
Highway		96.6	96.0	+ 0.6
Trade		172.4	162.8	+ 5.9
Banking -				
Deposits four Classes (2 months' average)	$000	5,035,129	4,244,590	+ 18.6
Current Loans	$000	1,117,430	996,316	+ 12.2
Circulating Media	$000,000	976.8	845.2	+ 15.6
Cash and Cheque Payments (2 months' total)	$000,000	13,343	12,349	+ 8.0
Dominion Finance - April to February -				
Total Revenues	$	2,320,527,935	2,469,189,954	- 6.0
Ordinary Expenditures	$	630,462,745	527,763,164	+ 19.5
War Expenditures	$	2,939,552,425	3,267,069,981	- 10.0
United Nations Mutual Aid	$	682,135,058	672,771,018	+ 1.4
National Income (Tentative Computation)	$000,000	2,180	2,234	- 2.4

The number of items showing increases and declines was the same at twenty-seven.

11-D-01

DEPT. OF POLITICAL SCIENCE
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Published by Authority of the Hon. James A. MacKinnon, M.P.,
Minister of Trade and Commerce
DOMINION BUREAU OF STATISTICS - OTTAWA
BUSINESS STATISTICS BRANCH

Dominion Statistician: S. A. Cudmore, M.A. (Oxon.), F.S.S., F.R.S.C.
Chief, Business Statistics Branch: Sydney B. Smith, M.A.

ECONOMIC CONDITIONS IN CANADA DURING THE FOUR MONTHS COMPARED WITH THE SAME PERIOD OF 1944.

A majority of the factors indicating gross national expenditure recorded increases in the first four months of 1945 over the same period of last year. Distribution of commodities through retail outlets recorded a gain of more than 11 p.c., the index rising from 145 to 161.6. The increase in the sale of commodities at the wholesale level also recorded an advance. The index rose from 173 to 187.8, a gain of 8.5 p.c.

Although construction contracts awarded in the first four months were at a somewhat lower position than in the same period of 1944, the index of employment indicated expansion in actual operations. Contracts awarded receded from $83.7 million to $78.6 million, a decline of slightly more than 6 p.c. Building permits in 58 municipalities rose from $23.9 million last year to $30.0 million in the period under review, a gain of 25.8 p.c. The index of employment in construction generally rose from 90.9 to 96.1.

Further increase was shown in the export trade over the high level of the early months of 1944. The total was $1,099 million compared with $1,052 million, an increase of 4.5 p.c. Imports, on the other hand, showed a decline of 8 p.c., resulting in a considerable increase in the active balance of trade. Taking the net export of non-monetary gold into consideration, it is estimated that the active balance of trade rose about 16p.c.

The ordinary expenditure of the Dominion government in January, February and April rose 27.7 p.c. over the same months of 1944. Marked decline, however, was shown in total Dominion expenditure owing mainly to the decline in disbursements for war and Mutual Aid purposes.

There is evidence that recession has occurred in the payment of salaries and wages, notwithstanding the higher level of rates during the first four months of the present year. During the first quarter, per capita weekly earnings recorded increases month by month over the same period of 1944. The trend was somewhat reversed in April when the rate showed reaction both from the preceding month and from the same month of 1944. The general index of employment, based on the first four months, receded from 182.8 to 178.6, a decline of 2.3 p.c. The somewhat higher level of rates was insufficient to offset the recession in employment. Aggregate weekly payrolls for the period under review, consequently, showed a slight recession from the same period of last year.

Dividend payments according to an unofficial computation rose from $82.6 million in the first four months of last year to $85.2 million, a gain of more than 3 p.c. The reported payments of interest on the Dominion government debt rose considerably in the early part of the present year, the advance having been occasioned by heavy payments in January.

Commodity production in the first four months of 1945 was at a somewhat lower level than in the same period of the preceding year, the index of the physical volume of business having been about 7.5 p.c. less. The index, however, showed recovery in March and April but the downward trend of 1944 accounts for the recession of 7.5 p.c. from the high level of the early part of last year.

Statistics bearing on agricultural marketings indicate that the income originating in the industry was at a considerably lower level during the first four months of this year. Betterment was indicated in April over the preceding months when marketings were somewhat depressed. Grain marketings showed a contra-seasonal gain in April while the index of livestock sales on stockyards receded to a considerably lower point compared with the preceding month.

Newsprint production showed a gain of 4.4 p.c. in this comparison, the total this year having been 1,013,632 tons. A considerable increase in the outward flow of planks and boards occurred this year, especially in the last three months. The standing in April was 133.8 million feet against 100.9 million in the same month last year. The index of employment in logging operations rose more than 15 p.c. An appreciable increase in the income originating in forestry was indicated for the first four months of 1945.

According to the index, the decline in manufacturing production from the first four months of 1944 was 9.4 p.c. The index of employment receded 5.6 p.c. in the same comparison, prices of manufactured goods having been a trifle higher.

The national income was $726 million in April against $735 million in March and $731 million in April last year.

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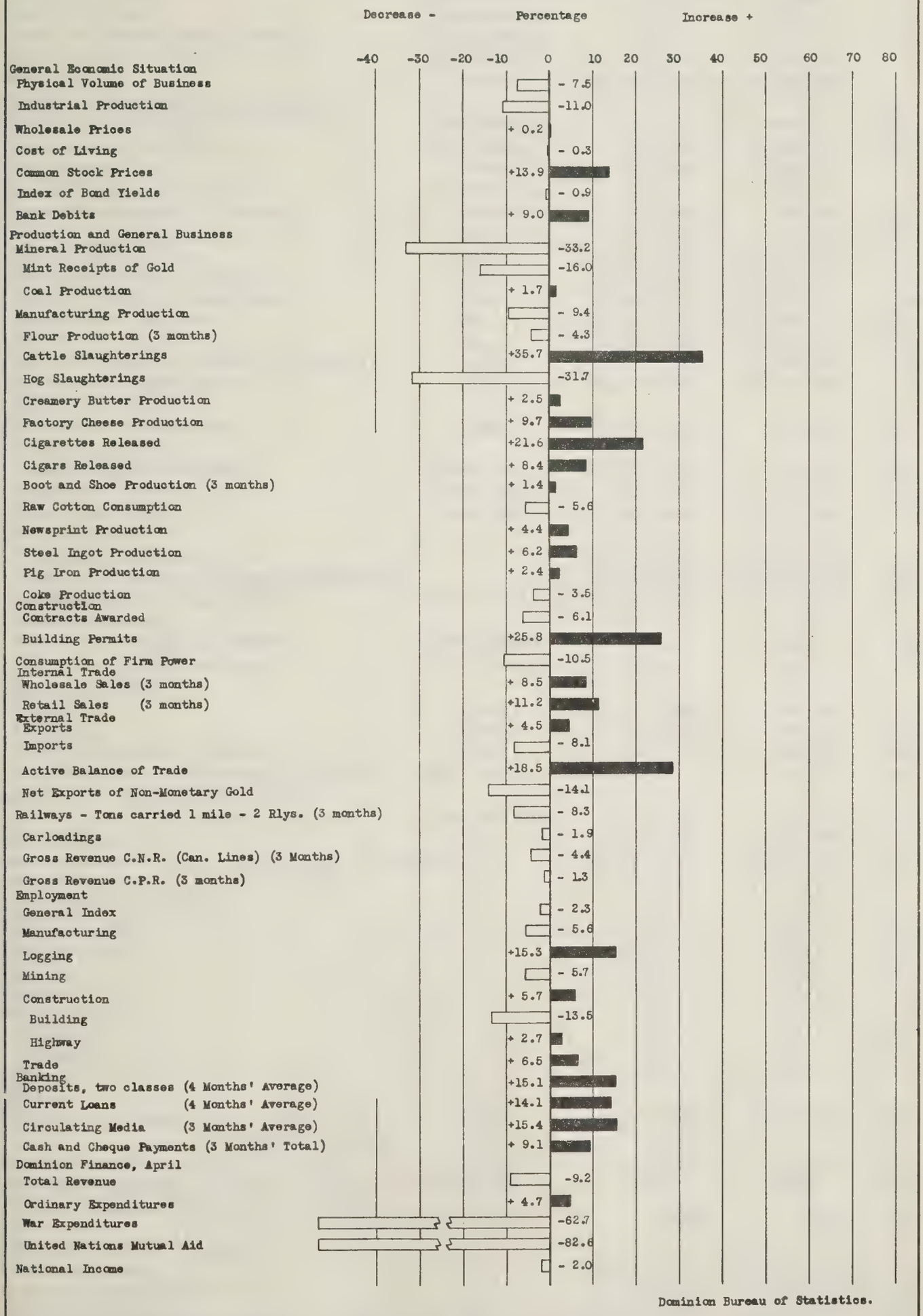
THE ECONOMIC SITUATION IN CANADA

for the First Four Months of 1945

as compared with the same period of last year.



Dominion Bureau of Statistics.

The number of items showing increases and declines was the same at twenty-seven.

Table 1. Statistics Illustrating the Economic Situation of Canada for the First Four Months of 1945 compared with the same period of last year.

	Unit or Base Period	First Four Months 1945	First Four Months 1944	Per cent Increase + Decrease -
General Economic Situation				
Index of Physical Volume of Business	1935-39=100	225.7	244.0	- 7.5
Index of Industrial Production	1935-39=100	246.6	276.9	- 11.0
Wholesale Prices	1926 = 100	103.0	102.8	+ 0.2
Cost of Living	1935-39=100	118.6	119.0	- 0.3
Index of Common Stock Prices	1935-39=100	92.4	81.1	+ 13.9
Index of Bond Yields	1935-39=100	96.4	97.3	- 0.9
Bank Debits	$000	19,687,568	18,055,044	+
Production and General Business				
Mineral Production	1935-39=100	169.6	253.8	- 33.2
Gold Receipts at Mint	Fine ozs.	861,191	1,024,617	- 16.0
Coal Production	Tons	5,963,052	5,862,778	+ 1.7
Manufacturing Production	1935-39=100	271.6	299.9	- 9.4
Flour Production (3 months)	Bbls.	6,121,373	6,396,205	- 4.3
Cattle Slaughterings	No.	775,441	571,568	+ 35.7
Hog Slaughterings	No.	2,460,346	3,600,610	- 31.7
Creamery Butter Production	Lbs.	57,383,140	55,995,142	+ 2.5
Factory Cheese Production	Lbs.	17,304,625	15,781,414	+ 9.7
Cigarettes released	No.	4,502,044,893	3,703,189,092	+ 21.6
Cigars released	No.	71,412,193	65,888,955	+ 8.4
Leather Boots and Shoes (3 months)	Pairs	7,797,953	7,691,531	+ 1.4
Raw cotton consumption	Lbs.	54,883,958	58,162,082	- 5.6
Paper and Lumber -				
Newsprint Production	Tons	1,013,632	971,108	+ 4.4
Iron and Steel -				
Steel Ingot Production	Short Ton	1,070,860	1,008,402	+ 6.2
Pig Iron Production	Short Ton	627,343	612,417	+ 2.4
Coke Production	Short Ton	1,322,485	1,370,608	- 3.5
Construction				
Contracts awarded	$	78,601,900	83,727,200	- 6.f total
Building Permits (58 municipalities)	$	30,038,790	23,886,390	+ 25.[illegible] of
Consumption of firm power	000 K.W.H.	10,924,384	12,202,525	- 10.5
Internal Trade -				s
Wholesale Sales (3 months)	1935-39=100	187.8	173.1	+ 8.5
Retail Sales (3 months)	1935-39=100	161.6	145.3	+ 11.2
External Trade -				
Exports	$000	1,099,342	1,051,880	+ 4.5
Imports	$000	508,371	553,012	- 8.1
Active Balance of Trade	$000	+ 590,971	+ 498,868	+ 18.5
Net Exports of Non-Monetary Gold	$000,000	34.1	39.7	- 14.1
Railways - Tons carried 1 mile (3 months) 2 Rlys.	000,000 tons	13,034	14,207	- 8.3
Carloadings	No.	1,135,662	1,157,887	- 1.9
Gross Revenue C.N.R. (Can. Lines (3 Months)	$	88,038,500	92,120,400	- 4.4
Gross Revenue C.P.R. (3 months)	$	73,996,354	74,932,863	- 1.3
Employment - Unadjusted				
General Index	1926 = 100	178.6	182.8	- 2.3
Manufacturing		213.7	226.4	- 5.6
Logging		300.7	260.8	+ 15.3
Mining		149.5	158.5	- 5.7
Construction		96.1	90.9	+ 5.7
Building		83.7	96.8	- 13.5
Highway		94.4	91.9	+ 2.7
Trade		172.4	161.9	+ 6.5
Banking -				
Deposits (Notice and Demand) (4 months' average)	$000	4,584,393	3,983,895	+ 15.1
Current Loans (4 months' average)	$000	1,081,058	947,631	+ 14.1
Circulating Media (3 months' average)	$000,000	993.3	860.7	+ 15.4
Cash and Cheque Payments (3 months' Total)	$000,000	20,966	19,213	+ 9.1
Dominion Finance - April				
Total Revenues	$	150,407,786	165,645,732	- 9.2
Ordinary Expenditures	$	30,101,388	28,757,206	+ 4.7
War Expenditures	$	119,192,835	319,597,379	- 62.7
United Nations Mutual Aid	$	10,004,128	57,574,104	- 82.6
National Income (Tentative Computation)	$000,000	2,906	2,965	- 2.0

The number of items showing increases and declines was the same at twenty-seven.

BAROMETRICS FILE 'E'
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DEPT. OF POLITICAL SCIENCE

UNIVERSITY OF TORONTO

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Minister of Trade and Commerce
DOMINION BUREAU OF STATISTICS - OTTAWA
BUSINESS STATISTICS BRANCH

Dominion Statistician: S. A. Cudmore, M.A.(Oxon.), LL.D.(Tor.), F.S.S., F.R.S.C.
Chief, Business Statistics Branch: Sydney B. Smith, M.A.

ECONOMIC CONDITIONS IN CANADA DURING THE FIVE MONTHS COMPARED WITH THE SAME PERIOD OF 1944.

The volume of productive operations receded to a lower level in the first five months of 1945 from the same period of last year, while a slight increase was shown in wholesale prices. The index of the physical volume of business averaged 224.3 against 243.5, a decline of nearly 8 p.c. The general index of employment receded slightly more than 2 p.c. with the standing on the base of 1926 in the first five months of this year having been 178. The index of wholesale prices averaged 103.0 against 102.7, a gain of 0.3 p.c. The general level of wholesale prices has been remarkably steady since the last quarter of 1943.

Industrial employment throughout Canada recorded curtailment from the first five months of 1944. The Labour force was lower at May 1 than one month before. For the fifth consecutive month, the general trend in industrial activity was downward. Although the loss was contra seasonal, according to the experience of pre-war years, the movement resembled that of May 1 in both 1944 and 1943. The shrinkage in employment was accompanied by a moderate increase in the payrolls disbursed as compared with April 1. The per capita weekly earnings on May 1 were $32.59 compared with $32.27 on the same date of 1944. Dividends paid by Canadian corporations in the first five months of the present year, according to unofficial computation, were $91.4 million against $90.1 in the same period of last year, representing a gain of 1.4 p.c.

Investment expenditures consist mainly of construction, the purchase of producers' durables, the international credit balance, and the change in inventories. Construction contracts awarded in the first five months amounted to $116.9 million against $115.4 million in the same period of last year. During June a considerable advance was recorded in the new business obtained by the construction industry. The contracts amounted to $58.9 million showing an increase of 57.8 p.c. over the same month of last year. The total value of contracts awarded for the first six months was $175.7 million, an increase of $23 million over the first half of 1944. During the first five months of 1945 exports of merchandise produced in Canada were valued at $1,395.5 million compared with $1,403 million in the same period of 1944, a decline of one-half of 1 p.c. Agricultural exports headed the list with the May total of $76 million compared with about $91 million in May last year. Retail sales during the first four months of this year averaged 8 p.c. above the same period of 1944 and were 46 p.c. greater than for the first four months of 1940. Wholesale sales of food products in April this year were of considerably greater volume than in the same month of 1944. The larger wholesale grocery houses reported an increase of 10 p.c. in this comparison. The index of wholesale sales averaged 9.5 p.c. greater in the first four months of this year, while the increase in retail sales was 7.7 p.c.

The index of grain marketings at country elevators was 190.8 in May compared with 238.8 in the same month last year. The index of livestock marketings based on sales on stockyards was 119.8 in May against 125.3 in the same month one year ago. A remarkable increase was shown in the sales of cattle, while a marked decline was shown in hogs. The index of inspected slaughterings receded from 212.8 in May last year to 150.3. Slaughterings have been on a lower level from the 2nd month of the year. The increase in the output of dairy products in May was less than normal for the season, the index receding from 223 to 162. The output of butter in the first five months was 89.4 million pounds against 90.1 million. Factory cheese rose from 36 million pounds to 39.4 million, a gain of 9.2 p.c. Several of the factors indicating the trend of forestry production were more favourable in the first five months. The output of newsprint was 1,278,096 tons against 1,233,-575 tons. The index of forestry production was 122.5 in May against 119.3 in the same month last year. The exports of lumber and woodpulp recorded considerable increase in May over the same month last year, while timber scaled in B.C. rose from 264 million feet to 274 million. During the first five months of the present year the consumption of electric power rose to 14.4 billion kilowatt hours against 13.3 billion in the same period of last year, an increase of 8.2 per cent. The wide and favourable distribution of water power resources and the versatility of low cost hydro electric power developed from these resources has been vital in advancing war production in Canada to an unprecedented level during the last two years.

The index of manufacturing production, due in part to the completion of war contracts, receded from 299.4 in the first five months of 1944 to 268.5 in the same period of this year, a decline of 10.3 p.c. A number of items, however, showed considerable expansion. Cattle slaughterings rose to a much higher position than in the early part of 1944. The tobacco industry was considerably more active. A gain was recorded in factory cheese production. Steel ingot production was 5.2 p.c. greater, while a recession of 0.6 p.c. was shown in the output of pig iron. Some decline was also shown in coke production.

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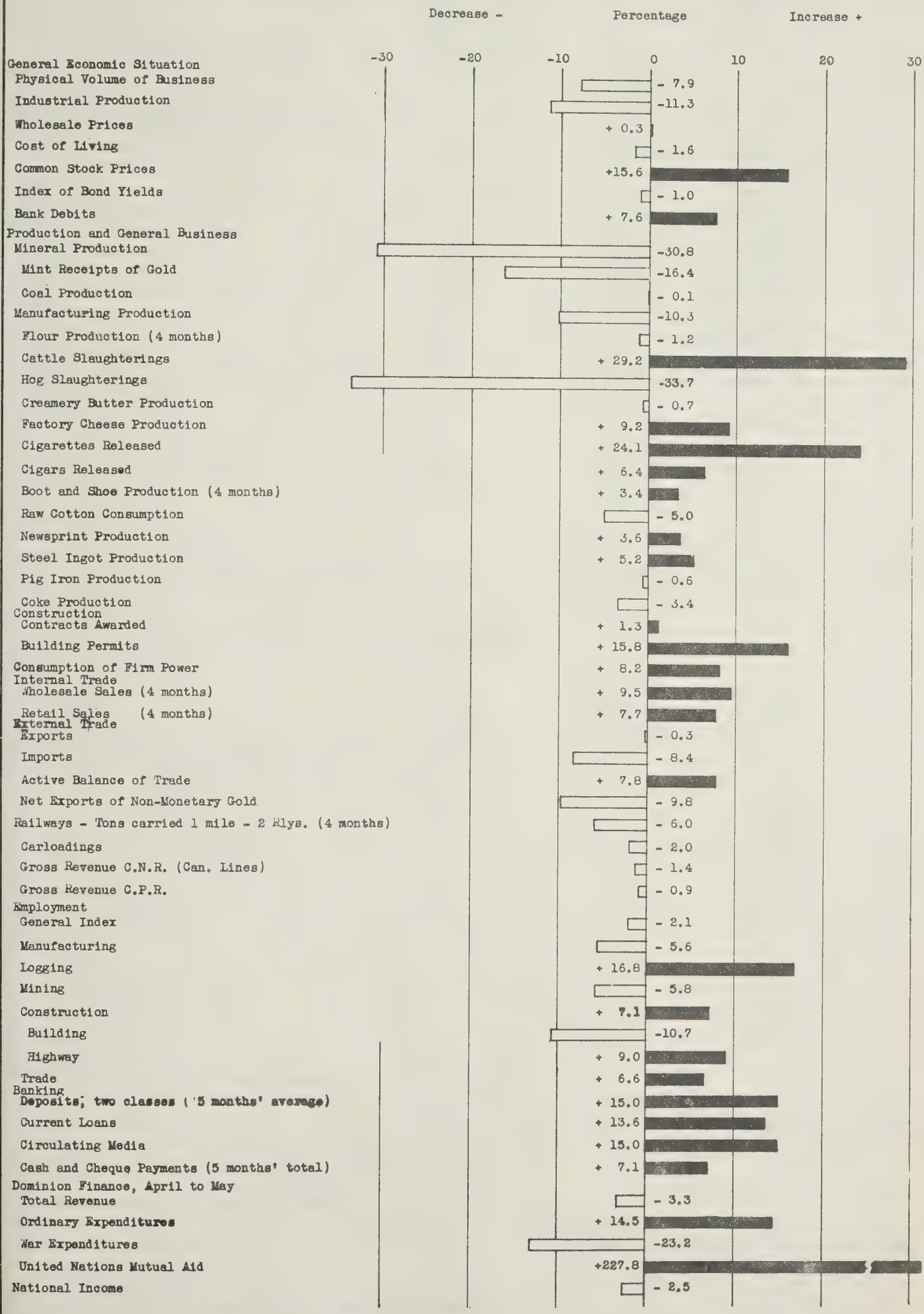
THE ECONOMIC SITUATION IN CANADA

for the First Five Months of 1945

as compared with the same period of last year.



Dominion Bureau of Statistics

Twenty-eight items recorded declines, while twenty-six showed increases.

Table 1. Statistics Illustrating the Economic Situation of Canada for the First Five Months of 1945 compared with the same period of last year.

	Unit or Base Period	First Five Months 1945	First Five Months 1944	Per cent Increase + Decrease -
General Economic Situation				
Index of Physical Volume of Business	1935-39=100	224.3	243.5	- 7.9
Index of Industrial Production	1935-39=100	244.9	276.0	- 11.3
Wholesale Prices	1926 = 100	103.0	102.7	+ 0.3
Cost of Living	1935-39=100	117.1	119.0	- 1.6
Index of Common Stock Prices	1935-39=100	93.4	80.8	+ 15.6
Index of Bond Yields	1935-39=100	96.3	97.3	- 1.0
Bank Debits	$ 000	26,581,560	24,707,662	+ 7.6
Production and General Business				
Mineral Production	1935-39=100	173.5	250.8	- 30.8
Gold Receipts at Mint	Fine ozs.	1,083,182	1,295,115	- 16.4
Coal Production	Tons	7,148,686	7,152,991	- 0.1
Manufacturing Production	1935-39=100	268.5	299.4	- 10.3
Flour Production (4 months)	Bbls.	8,247,608	8,344,742	- 1.2
Cattle Slaughterings	No.	985,985	763,370	+ 29.2
Hog Slaughterings	No.	2,954,796	4,456,416	- 33.7
Creamery Butter Production	Lbs.	89,407,735	90,064,844	- 0.7
Factory Cheese Production	Lbs.	39,424,141	36,101,246	+ 9.2
Cigarettes released	No.	5,701,228,490	4,592,278,797	+ 24.1
Cigars released	No.	89,039,453	83,661,482	+ 6.4
Leather Boots and Shoes (4 months)	Pairs	10,489,460	10,140,191	+ 3.4
Raw cotton consumption	Lbs.	68,418,443	72,046,746	- 5.0
Paper and Lumber -				
Newsprint Production	Tons	1,278,096	1,233,575	+ 3.6
Iron and Steel -				
Steel Ingot Production	Short Ton	1,338,503	1,271,833	+ 5.2
Pig Iron Production	Short Ton	782,917	787,624	- 0.6
Coke Production	Short Ton	1,655,575	1,713,515	- 3.4
Construction -				
Contracts awarded	$	116,873,300	115,421,700	+ 1.3
Building Permits(58 municipalities)	$	42,495,260	36,708,989	+ 15.8
Consumption of firm power	000 K.W.H.	14,355,296	13,262,595	+ 8.2
Internal Trade -				
Wholesale Sales (4 months)	1935-39=100	189.5	173.0	+ 9.5
Retail Sales (4 months)	1935-39=100	164.6	152.8	+ 7.7
External Trade -				
Exports	$ 000	1,418,065	1,422,729	- 0.3
Imports	$ 000	652,215	712,050	- 8.4
Active Balance of Trade	$ 000	+ 765,850	+ 710,679	+ 7.8
Net Exports of Non-Monetary Gold	$ 000,000	44.3	49.1	- 9.8
Railways - Tons carried 1 mile (4 months) 2 Rlys.	000,000 tons	17,835	18,965	- 6.0
Carloadings	No.	1,445,715	1,475,903	- 2.0
Gross Revenue C.N.R. (Can. Lines)	$	153,022,800	155,121,200	- 1.4
Gross Revenue C.P.R.	$	127,109,669	128,283,785	- 0.9
Employment - Unadjusted -				
General Index	1926 = 100	178.0	181.9	- 2.1
Manufacturing		213.1	225.8	- 5.6
Logging		281.7	241.2	+ 16.8
Mining		148.8	157.9	- 5.8
Construction		96.6	90.2	+ 7.1
Building		84.1	94.2	- 10.7
Highway		101.9	93.5	+ 9.0
Trade		172.2	161.6	+ 6.6
Banking -				
Deposits (Notice and Demand (5 months' average)	$ 000	4,538,585	3,948,172	+ 15.0
Current Loans	$ 000	1,114,677	981,598	+ 13.6
Circulating Media	$ 000,000	997.9	868.0	+ 15.0
Cash and Cheque Payments(5 months' Total)	$ 000,000	37,476	34,984	+ 7.1
Dominion Finance - April to May -				
Total Revenues	$	432,635,388	447,586,289	- 3.3
Ordinary Expenditures	$	118,556,254	103,565,120	+ 14.5
War Expenditures	$	305,649,403	398,055,104	- 23.2
United Nations Mutual Aid	$	225,934,443	68,920,867	+ 227.8
National Income(Tentative Computation)	$ 000,000	3,618	3,712	- 2.5

Twenty-eight items recorded declines, while twenty-six showed increases.

11-D-01

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Number 7

Dominion Statistician: S.A. Cudmore, M.A. (Oxon.), LL.D.(Tor.), F.S.S., F.R.S.C.
Chief, Business Statistics Branch: Sydney B. Smith, M.A.

ECONOMIC CONDITIONS IN CANADA DURING THE FIRST SEVEN MONTHS OF 1945 COMPARED WITH THE SAME PERIOD OF THE PRECEDING YEAR

Six factors indicating the trend of economic conditions averaged higher in the first seven months of 1945 than in the same period of the preceding year. The advance was mainly due to increases in deposit liabilities of the chartered banks and in the speculative factors consisting of the prices of common stocks and the volume of speculative trading. Dominion bond and wholesale prices were also at somewhat higher levels. Business operations, on the other hand, receded to a lower position, a downward trend having been shown since the early months of 1944.

The index of the physical volume of business averaged 222.1 in the first seven months of 1945, a decline of nearly 8 p.c. from the same period of last year. In the same comparison, the general index of employment averaged 2.6 p.c. lower at 177.2. Advances were shown in the cost-of-living and in commodity prices at wholesale but the increases were of minor proportions. The index of wholesale prices averaged 103.2 against 102.7, an increase of one half p.c.

A somewhat lower level of salaries and wages paid by industrial concerns was indicated by the statistics of aggregate payrolls at midyear 1945 compared with the same period of last year. The index was 143.9 compared with 147.0 in the same week of 1944. The aggregate weekly payrolls at the first of each month from January to July were 0.4 p.c. less than in 1944.

The payment of dividends, according to unofficial sources, was at a lower level, the decline having been nearly 1 p.c. Interest of payments by the Dominion government amounted to $118.5 million in the first four months of the present fiscal year compared with $109.9 million in the same period of last year.

The operations of the construction industry constitute one of the important factors in investment expenditure. Contracts awarded rose 22.3 p.c. over the first seven months of 1944, while building permits in 58 municipalities at $70.9 million recorded an advance of 23.7 p.c. The index of employment in the construction industry averaged 99.8, an increase of 5.4 p.c. over the same period of 1944. The aggregate of contracts awarded was greater than at any similar period since 1941.

The output of steel ingots, indicating the trend of production of producers' durables and munitions, rose from 1.7 million short tons to 1.8 million, a gain of 4.5 p.c. Pig iron production, on the other hand, showed a decline of 2 p.c., the total in the first seven months having been 1,092,000 tons.

Canada's merchandise export trade in the first seven months was featured by a sharp reduction in the export of commodities classified as war materials. The export trade amounted to $2,031 million in the first seven months against $2,050 million in the same period of last year, a decline of less than 1 p.c. The decline in imports was 7.5 p.c., resulting in a considerable gain in the active balance of trade. The net exports of non-monetary gold amounted to $57 million against $66.6 million in the same period of last year.

Net sales of securities to all countries in the first half of the year amounted to $99 million compared with $59.8 million in the first half of last year. The sales aggregate was $197.9 million during the first six months compared with $113.4 million in the first half of 1944 while the purchases were $98.9 million compared with $53.6 million.

Retail sales in the first six months were somewhat greater than in the same period of 1944. The increase in sales from wholesale outlets showed a relatively greater improvement. The index averaged 195.4 against 179.6.

Dominion government ordinary expenditures were $302.2 million in the first four months of the present fiscal year compared with nearly $240 million. Special expenditures, on the other hand, receded from $1,193 million to $1,161 million. War expenditures dropped from about $951 million to $664 million.

The slaughtering of cattle amounted to 1,348,000 head in the first seven months, a gain of 24.6 p.c. over the same period of last year.

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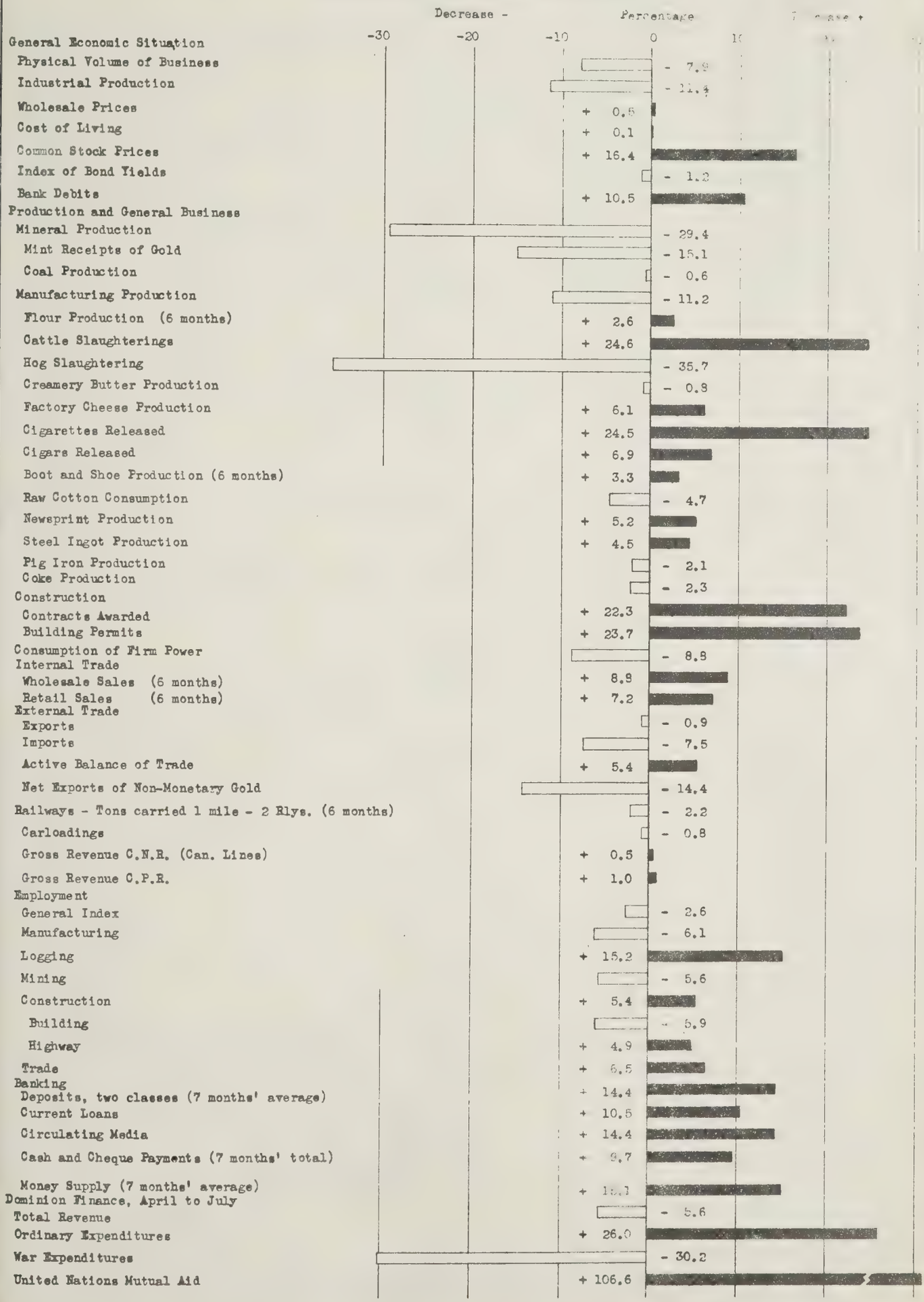
THE ECONOMIC SITUATION IN CANADA

for the First Seven Months of 1945

as compared with the same period of last year.



Dominion Bureau of Statistics

Twenty-four items recorded declines, while thirty showed increases.

Table 1. - Statistics Illustrating the Economic Situation of Canada for the First Seven Months of 1945 compared with the same period of last year.

	Unit or Base Period	First Seven Months 1945	1944	Per cent Increase + Decrease -
General Economic Situation				
Index of Physical Volume of Business	1935-39=100	222.1	241.2	- 7.9
Index of Industrial Production	1935-39=100	241.5	272.7	- 11.4
Wholesale Prices	1926 = 100	103.2	102.7	+ 0.5
Cost of Living	1935-39=100	119.1	119.0	+ 0.1
Index of Common Stock Prices	1935-39=100	95.7	82.2	+ 16.4
Index of Bond Yields	1935-39=100	96.0	97.2	- 1.2
Bank Debits	$ 000	38,086,305	34,459,801	+ 10.5
Production and General Business				
Mineral Production	1935-39=100	171.9	243.6	- 29.4
Gold Receipts at Mint	Fine ozs.	1,468,168	1,729,610	- 15.1
Coal Production	Tons	9,497,542	9,557,982	- 0.6
Manufacturing Production	1935-39=100	263.4	296.7	- 11.2
Flour Production (6 months)	Bbls.	12,489,078	12,177,355	+ 2.6
Cattle Slaughterings	No.	1,347,698	1,081,707	+ 24.6
Hog Slaughterings	No.	3,642,994	5,668,875	- 35.7
Creamery Butter Production	Lbs.	175,735,061	177,166,534	- 0.8
Factory Cheese Production	Lbs.	101,578,639	95,746,100	+ 6.1
Cigarettes released	No.	7,979,604,365	6,408,873,950	+ 24.5
Cigars released	No.	120,869,377	113,059,882	+ 6.9
Leather Boots and Shoes (6 months)	Pairs	15,882,000	15,371,778	+ 3.3
Raw cotton consumption	Lbs.	91,722,381	96,230,605	- 4.7
Paper and Lumber -				
Newsprint Production	Tons	1,815,153	1,724,845	+ 5.2
Iron and Steel -				
Steel Ingot Production	Short Ton	1,824,779	1,747,001	+ 4.5
Pig Iron Production	Short Ton	1,092,350	1,115,527	- 2.1
Coke Production	Short Ton	2,308,898	2,362,848	- 2.3
Construction -				
Contracts awarded	$	226,244,600	184,965,800	+ 22.3
Building Permits (58 municipalities)	$	70,948,608	57,331,834	+ 23.7
Consumption of firm power	000 K.W.H.	19,018,695	20,847,374	- 8.8
Internal Trade -				
Wholesale Sales (6 months)	1935-39=100	195.4	179.6	+ 8.8
Retail Sales (6 months)	1935-39=100	172.8	161.2	+ 7.2
External Trade -				
Exports	$ 000	2,031,254	2,050,499	- 0.9
Imports	$ 000	937,376	1,012,981	- 7.5
Active Balance of Trade	$ 000	+ 1,093,878	+ 1,037,518	+ 5.4
Net Exports of Non-Monetary Gold	$000,000	57.0	66.6	- 14.4
Railways - Tons carried 1 mile (6 months) 2 Rlys.	000,000 tons	28,398	29,029	- 2.2
Carloadings	No.	2,072,863	2,089,800	- 0.8
Gross Revenue C.N.R. (Can. Lines)	$	223,895,000	222,681,600	+ 0.5
Gross Revenue C.P.R.	$	184,428,070	182,603,963	+ 1.0
Employment - Unadjusted -				
General Index	1926 = 100	177.2	181.9	- 2.6
Manufacturing		211.6	225.4	- 6.1
Logging		256.3	222.4	+ 15.2
Mining		147.8	156.5	- 5.6
Construction		99.8	94.7	+ 5.4
Building		87.1	92.6	- 5.9
Highway		112.6	107.3	+ 4.9
Trade		172.0	161.5	+ 6.5
Banking -				
Deposits (Notice and Demand) (7 months' average)	$000	4,553,020	3,979,940	+ 14.4
Current Loans	$000	1,104,079	998,982	+ 10.5
Circulating Media	$000,000	1007.0	880.4	+ 14.4
Cash and Cheque Payments (7 months' Total)	$000,000	53,683	48,958	+ 9.7
Money Supply (7 months' average)	$000,000	6,317	5,487	+ 15.1
Dominion Finance - April to July -				
Total Revenues	$	885,872,682	938,231,534	- 5.6
Ordinary Expenditures	$	302,245,735	239,962,097	+ 26.0
War Expenditures	$	663,945,468	951,114,027	- 30.2
United Nations Mutual Aid	$	495,874,298	x 239,969,531	+ 106.6

Twenty-four items recorded declines, while thirty showed increases.
x Excludes temporary advances totalling $298,764,859 made to Mutual Aid Board.

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BAROMETRICS FILE [E]

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Dominion Statistician: S. A. Cudmore, M.A., (Oxon.), L.L.D. (Tor.), F.S.S., F.R.S.C.
Chief, Business Statistics Branch: Sydney B. Smith, M.A.

ECONOMIC CONDITIONS IN CANADA DURING THE FIRST EIGHT MONTHS OF 1945 COMPARED WITH THE SAME PERIOD OF THE PRECEDING YEAR

Six factors indicating the trend of economic conditions averaged higher in the first eight months of 1945 than in the same period of the preceding year. Dominion bond and wholesale prices were at somewhat higher levels, while business operations receded to a lower position.

The index of the physical volume of business averaged 220.9 in the first eight months of 1945, a decline of 8 p.c. from the same period of last year. In the same comparison, the general index of employment averaged 2.7 p.c. lower at 177.0. Advances were shown in the cost-of-living and in commodity prices at wholesale but the increases were of minor proportions. The index of wholesale prices averaged 103.2 against 102.6, an increase of 0.6 p.c.

A somewhat lower level of salaries and wages paid by industrial concerns was indicated by the statistics of aggregate payrolls August 1. Per capita earnings in the week of August 1 were given at $32.20 against $31.66 in the same week of 1944.

A gain was recorded in the new business obtained by the construction industry and in building permits. Contracts awarded were $266.8 million, a gain of 27.6 p.c., while building permits were $84.1 million, a gain of 27 p.c. The index of employment in the construction industry averaged 102.3, an increase of 8 p.c. over the same period of 1944.

The output of steel ingots showed a gain of 2.8 p.c. while pig iron production dropped from 1.3 million to 1.2 million short tons.

Canada's export trade amounted to $2,332 million in the first eight months against $2,310 million in the same period of last year, an increase of 1 p.c. Imports' decline was 9 p.c., resulting in a considerable gain in the active balance of trade. The net exports of non-monetary gold amounted to $65.5 million against $76.6 million in the same period of last year.

Retail sales in the first seven months increased 7.7 p.c. while wholesale sales increased 9.5 p.c. over the same period of 1944.

Dominion government ordinary expenditures were nearly $388 million in the first five months of the present fiscal year compared with $270.7 million one year ago. Special expenditures, on the other hand, receded from $1,633 million to $1,465 million. War expenditures dropped from about $1,282 million to $854 million.

The payment of dividends, according to unofficial sources, was at a lower level, the decline having been 1.7 p.c. Interest of payments by the Dominion government amounted to $153.4 million in the first five months of the present fiscal year compared with $115.4 million in the same period of last year.

The slaughtering of cattle amounted to 1,555,915 head in the first eight months, a gain of 23.6 p.c. over the same period of last year. Hog slaughterings decreased in the same period by 35.6 p.c. from 6,120,701 head in 1944 to 3,942,707 in 1945. Some decline was recorded in the production of creamery butter, while a gain of more than 6 p.c. was shown in the output of factory cheese, the total in the first eight months of the year having been 129.3 million pounds. The tobacco industry was more active as measured by the release of cigarettes. The total in the first eight months was 9,158 million against 7,506 million, a gain of 22 p.c. A gain of 6.2 p.c. was shown in the release of cigars.

The output of newsprint showed moderate betterment, the total having been 2,102,181 tons. As the production in the first eight months of 1944 was 1,987,540 tons, an increase of 5.8 p.c. was indicated.

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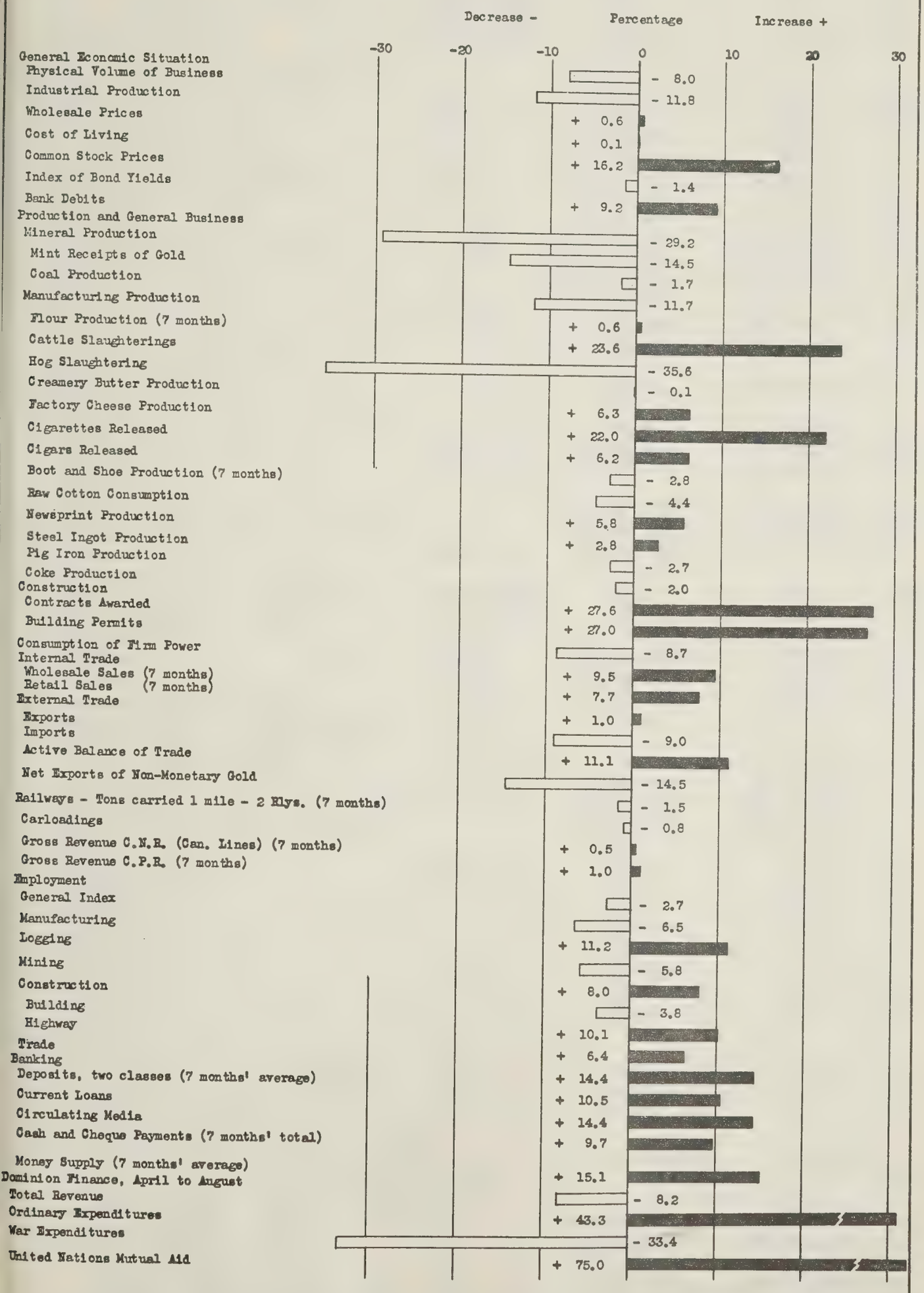
THE ECONOMIC SITUATION IN CANADA

for the First Eight Months of 1945

as compared with the same period of last year.



Dominion Bureau of Statistics

Twenty-four items recorded declines, while thirty showed increases.

Table 1. - Statistics Illustrating the Economic Situation of Canada for the First Eight Months of 1945 compared with the same period of last year

	Unit or Base Period	First Eight Months 1945	1944	Per cent Increase + Decrease -
General Economic Situation				
Index of Physical Volume of Business	1935-39=100	220.9	240.2	- 8.0
Index of Industrial Production	1935-39=100	239.6	271.5	- 11.8
Wholesale Prices	1926= 100	103.2	102.6	+ 0.6
Cost of Living	1935-39=100	119.2	119.0	+ 0.1
Index of Common Stock Prices	1935-39=100	96.2	82.8	+ 16.2
Index of Bond Yields	1935-39=100	95.8	97.2	- 1.4
Bank Debits	$ 000	42,812,901	39,192,266	+ 9.2
Production and General Business				
Mineral Production	1935-39=100	169.9	239.9	- 29.2
Gold Receipts at Mint	Fine ozs.	1,677,182	1,961,528	- 14.5
Coal Production	Tons	10,750,555	10,934,963	- 1.7
Manufacturing Production	1935-39=100	261.4	296.0	- 11.7
Flour Production (7 months)	Bbls.	14,311,271	14,230,642	+ 0.6
Cattle Slaughterings	No.	1,555,915	1,258,643	+ 23.6
Hog Slaughterings	No.	3,942,707	6,120,701	- 35.6
Creamery Butter Production	Lbs.	213,929,487	214,098,231	- 0.1
Factory Cheese Production	Lbs.	129,278,804	121,593,886	+ 6.3
Cigarettes released	No.	9,158,071,165	7,506,248,852	+ 22.0
Cigars released	No.	136,236,887	128,283,062	+ 6.2
Leather Boots and Shoes (7 months)	Pairs	16,964,888	17,449,717	- 2.8
Raw Cotton consumption	Lbs.	104,317,851	109,118,201	- 4.4
Paper and Lumber -				
Newsprint Production	Tons	2,102,181	1,987,540	+ 5.8
Iron and Steel -				
Steel Ingot Production	Short Ton	2,049,707	1,993,756	+ 2.8
Pig Iron Production	Short Ton	1,232,163	1,266,979	- 2.7
Coke Production	Short Ton	2,638,114	2,690,764	- 2.0
Construction -				
Contracts awarded	$	266,775,500	209,117,200	+ 27.6
Building Permits (58 municipalities)	$	84,066,540	66,200,967	+ 27.0
Consumption of firm power	000 K.W.H.	21,610,331	23,676,150	- 8.7
Internal Trade -				
Wholesale Sales (7 months)	1935-39=100	196.6	179.6	+ 9.5
Retail Sales (7 months)	1935-39=100	172.6	160.3	+ 7.7
External Trade -				
Exports	$ 000	2,331,885	2,309,686	+ 1.0
Imports	$ 000	1,065,510	1,170,304	- 9.0
Active Balance of Trade	$ 000	+ 1,266,375	+ 1,139,382	+ 11.1
Net Exports of Non-Monetary Gold	$000,000	65.5	76.6	- 14.5
Railways - Tons carried 1 mile (7months) 2 Rlys.	000,000 tons	33,582	34,108	- 1.5
Carloadings	No.	2,390,536	2,410,307	- 0.8
Gross Revenue C.N.R. (Can. Lines)(7 months)	$	223,895,000	222,681,600	+ 0.5
Gross Revenue C.P.R. (7 months)	$	184,428,070	182,603,963	+ 1.0
Employment - Unadjusted -				
General Index	1926=100	177.0	181.9	- 2.7
Manufacturing		210.7	225.4	- 6.5
Logging		247.2	222.4	+ 11.2
Mining		147.5	156.5	- 5.8
Construction		102.3	94.7	+ 8.0
Building		89.1	92.6	- 3.8
Highway		118.1	107.3	+ 10.1
Trade		171.9	161.5	+ 6.4
Banking -				
Deposits (Notice and Demand) (7 months' average)	$000	4,553,020	3,979,940	+ 14.4
Current Loans	$000	1,104,079	998,982	+ 10.5
Circulating Media	$000,000	1007.0	880.4	+ 14.4
Cash and Cheque Payments (7 months' Total)	$000,000	53,683	48,958	+ 9.7
Money Supply (7 months' average)	$000,000	6,317	5,487	+ 15.1
Dominion Finance - April to August -				
Total Revenues	$	1,067,767,416	1,162,921,560	- 8.2
Ordinary Expenditures	$	387,968,387	270,718,758	+ 43.3
War Expenditures	$	853,664,564	1,281,789,151	- 33.4
United Nations Mutual Aid	$	610,064,739	x 348,574,095	+ 75.0

Twenty-four items recorded declines, while thirty showed increases.
x Excludes temporary advances totalling $298,764,859 made to Mutual Aid Board.

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BAROMETRICS FILE "E"

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BUSINESS STATISTICS BRANCH

3-4030

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Number 9

Dominion Statistician: Herbert Marshall, B.A., F.S.S.
Chief, Business Statistics Branch: Sydney B. Smith, M.A.

ECONOMIC CONDITIONS IN CANADA DURING THE FIRST NINE MONTHS OF 1945 COMPARED WITH THE SAME PERIOD OF THE PRECEDING YEAR

The main factors indicating the trend of economic conditions were uneven in the first nine months of 1945 as compared with the same period of the preceding year. An advance of 16.6 p.c. was shown in the index of common stock prices and speculative trading was at a higher level. The advance in commodity and bond prices was of minor proportions. The index of wholesale prices on the base of 1926 averaged 103.2 in the first nine months against 102.6 in the same period of last year. The price of high-grade bonds was slightly higher as indicated by a decline in yields. Productive operations receded to lower levels, the index of the physical volume of business dropping 20 points to 219.2. The decline amounted to 8.4 per cent.

The level of production in Canada is dependent upon expenditures of different descriptions. New business obtained by the construction industry rose nearly 32 per cent to $309 million and building permits in 58 municipalities were more than 31 per cent greater. The total in the first nine months of the present year was $95.5 million. The operations of the primary iron and steel industry indicative of the production of munitions and producers durable goods were about maintained in the first nine months. The output of steel ingots was 2,248,000 tons against 2,236,000 tons, an increase of ½ per cent. The production of pig iron, on the other hand, showed a decline from 1,412 thousand tons to 1,367 thousand. The index of employment on September 1 last in manufacturing plants producing durable goods was 122.1 against 150.5 on the same date last year. The index of the number employed in manufacturing plants producing non-durable goods also declined from 120.5 to 114.7, but the drop was of lesser proportions than in durable goods. The index of retail sales during the 8 months of the present year rose 8.4 per cent over the standing in the same period of 1944. The index was 172.5 against 159.1 in the same period last year. The percentage increase in wholesale sales was even greater, having been 10.9 per cent rather than 8.4 per cent. The index was 198.8 against 182.2, on the base year of 1935-39.

The ordinary expenditures of the Dominion Government during the first half of the present fiscal year covering April to September recorded a gain of more than 45 per cent. The total was $477.6 million against $329.1 million in the same period of 1944. War expenditures, exclusive of Mutual Aid, receded from $1,628 million to $1,023 million, a decline of 37 per cent. An increase, on the other hand was shown in Mutual Aid payments.

The purchasing power in the hands of the public continued at high levels in the first nine months of the present year. The firms reporting in the latest survey of payrolls intimated the disbursement of weekly salaries and wages aggregating $56.5 million as compared with $57.5 million at the beginning of August. This was a decline of 1.6 per cent slightly exceeding the general loss of 1.3 per cent in the personnel, with the result that the per capita weekly earnings declined, falling from $32.09 at August 1 to $32.04 at September 1. At the beginning of September in earlier years for which information is available, the averages were as follows: 1944, $31.69; 1943, $31.30; 1942, $29.29; 1941, $26.04. During the last twelve months, the reduction of 7 per cent in employment in the eight leading industrial groups has been accompanied by that of 5.9 p.c. in the amounts paid in weekly salaries and wages. The index of employment was 172.6 on September 1 against 185.5 on the same date of last year. The index in the latest available month was less than on the same date in every year since 1941. The cancellation of orders for munitions produced the anticipated large contraction in certain branches of manufacturing. The general trend in the remaining manufacturing groups and in the non-manufacturing industries was favourable, but the increase in the numbers employed on such locations fell far short of the declines reported for factories formerly engaged largely on war work. The general index of employment averaged 176.5 during the first nine months of the present year against 182.6 in the same period of 1944, a decline of 3.3 per cent. Declines were shown in manufacturing and mining, while advances were recorded in logging, construction and trade.

The interest on the public debt during the first six months of the present fiscal year was $172.9 million against $134.5 million in the same period of last year. According to an unofficial computation, dividends paid during the first ten months of 1945 were $219.9 million against $215.3 million in the same period of last year, a gain of 2.1p.c.

The decline in the index of the physical volume of business was mainly occasioned by the drop in mineral and manufacturing production. The consumption of firm power also showed a decline from 26.5 billion k.w.h. to 24.1, representing a loss of 9.1 per cent. Minor recessions were also shown in railway traffic. Tons carried one mile by the two main railways during the first 8 months showed a decline of 1.8 p.c., while carloadings were 1.3 per cent lower in the nine month comparison.

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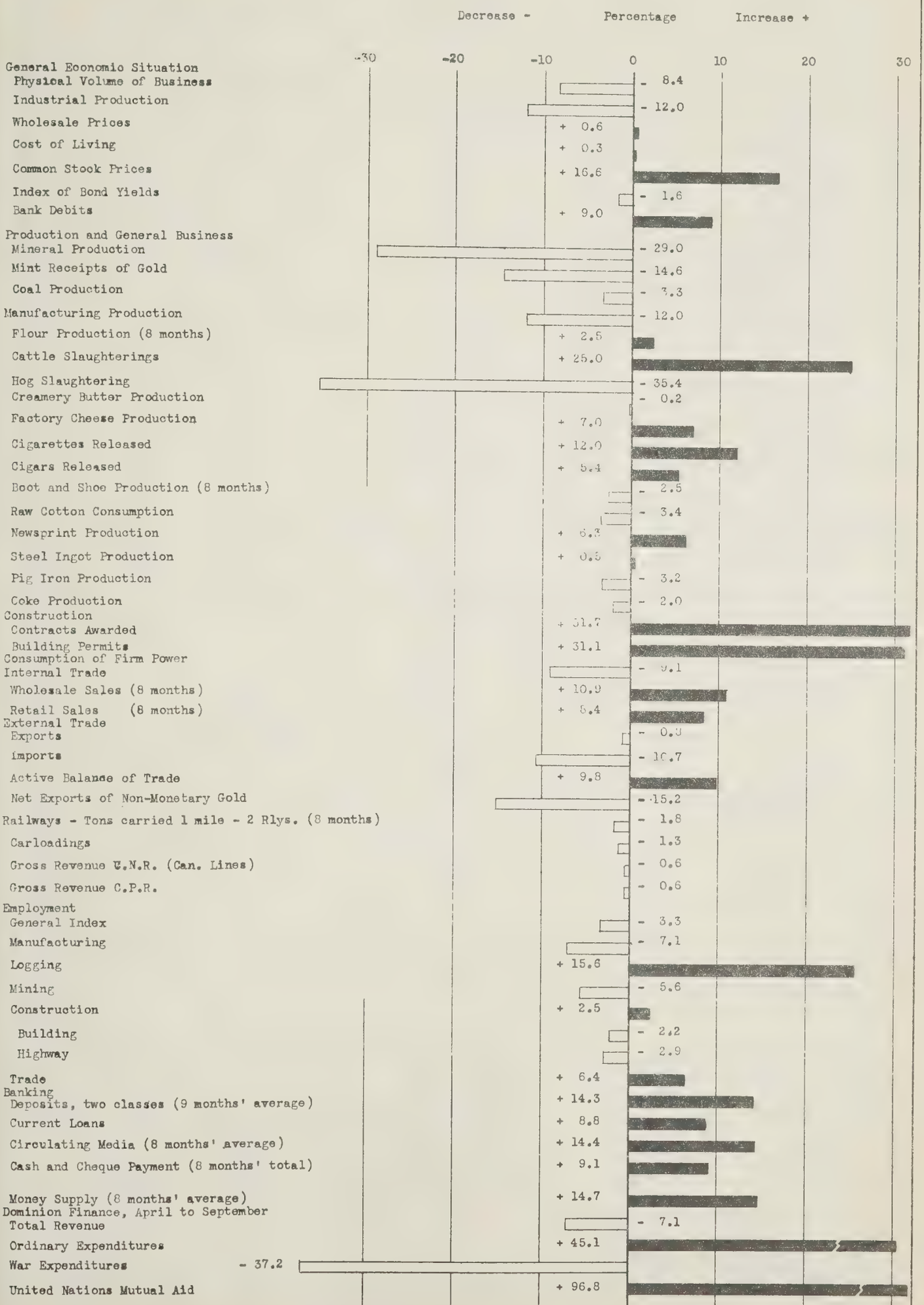
THE ECONOMIC SITUATION IN CANADA

for the First Nine Months of 1945

as compared with the same period of last year.



Dominion Bureau of Statistics

Twenty-eight items recorded declines, while twenty-six showed increases.

Table 1. - Statistics Illustrating the Economic Situation of Canada for the First Nine Months of 1945 compared with the same period of last year.

	Unit or Base Period	First Nine Months 1945	First Nine Months 1944	Per cent Increase + crease -
General Economic Situation				
Index of Physical Volume of Business	1935-39=100	219.2	239.2	- 8.4
Index of Industrial Production	1935-39=100	237.9	270.3	- 12.0
Wholesale Prices	1926= 100	103.2	102.6	+ 0.6
Cost of Living	1935-39=100	119.3	119.0	+ 0.3
Index of Common Stock Prices	1935-39=100	96.8	83.0	+ 16.6
Index of Bond Yields	1935-39=100	95.6	97.2	- 1.6
Bank Debits	$ 000	47,970,222	44,010,865	+ 9.0
Production and General Business				
Mineral Production	1935-39=100	167.7	236.1	- 29.0
Gold Receipts at Mint	Fine ozs.	1,869,917	2,189,490	- 14.6
Coal Production	Tons	11,928,571	12,330,350	- 3.3
Manufacturing Production	1935-39=100	259.5	294.8	- 12.0
Flour Production (8 months)	Bbls.	16,332,138	15,934,785	+ 2.5
Cattle Slaughterings	No.	1,796,514	1,436,850	+ 25.0
Hog Slaughterings	No.	4,241,888	6,561,282	- 35.4
Creamery Butter Production	Lbs.	244,308,752	244,696,059	- 0.2
Factory Cheese Production	Lbs.	153,228,869	143,167,310	+ 7.0
Cigarettes released	No.	10,280,945,533	8,573,080,989	+ 12.0
Cigars released	No.	152,609,342	144,755,044	+ 5.4
Leather Boots and Shoes (8 months)	Pairs	19,373,388	19,872,913	- 2.5
Raw Cotton consumption	Lbs.	116,657,916	120,759,767	- 3.4
Paper and Lumber -				
Newsprint Production	Tons	2,372,144	2,231,749	+ 6.3
Iron and Steel -				
Steel Ingot Production	Short Ton	2,248,215	2,236,481	+ 0.5
Pig Iron Production	Short Ton	1,367,389	1,412,385	- 3.2
Coke Production	Short Ton	2,956,263	3,017,915	- 2.0
Construction -				
Contracts awarded	$	308,820,900	234,404,200	+ 31.7
Building Permits (58 municipalities)	$	95,485,875	72,844,652	+ 31.1
Consumption of firm power	000 K.W.H.	24,091,587	26,493,583	- 9.1
Internal Trade -				
Wholesale Sales (8 months)	1935-39=100	198.8	182.2	+ 10.9
Retail Sales (8 months)	1935-39=100	172.5	159.1	+ 8.4
External Trade -				
Exports	$ 000	2,556,867	2,577,027	- 0.8
Imports	$ 000	1,187,769	1,330,014	- 10.7
Active Balance of Trade	$ 000	+ 1,369,098	+ 1,247,013	+ 9.8
Net Exports of Non-Monetary Gold	$000,000	72.3	85.3	- 15.2
Railways - Tons carried 1 mile (8 months) 2 Rlys.	000,000 tons	38,359	39,081	- 1.8
Carloadings	No.	2,686,426	2,721,708	- 1.3
Gross Revenue C.N.R. (Can. Lines)	$	289,261,200	290,910,100	- 0.6
Gross Revenue C.P.R.	$	237,591,710	238,954,321	- 0.6
Employment - Unadjusted -				
General Index	1926=100	176.5	182.6	- 3.3
Manufacturing		209.4	225.4	- 7.1
Logging		239.9	207.5	+ 15.6
Mining		147.1	155.9	- 5.6
Construction		104.5	102.0	+ 2.5
Building		91.4	93.5	- 2.2
Highway		122.6	126.2	- 2.9
Trade		171.9	161.6	+ 6.4
Banking -				
Deposits (Notice and Demand) (9 Months' average)	$000	4,639,753	4,058,360	+ 14.3
Current Loans	$000	1,076,209	988,716	+ 8.8
Circulating Media (8 Mos. av.)	$000,000	1,013.6	885.9	+ 14.4
Cash and Cheque Payments (8 months' Total)	$000,000	60,444	55,412	+ 9.1
Money Supply (8 months' average)	$000,000	6,322	5,511	+ 14.7
Dominion Finance - April to Sept. -				
Total Revenues	$	1,293,680,125	1,392,261,558	- 7.1
Ordinary Expenditures	$	477,553,771	329,126,560	+ 45.1
War Expenditures	$	1,022,692,967	1,628,302,564	- 37.2
United Nations Mutual Aid	$	688,837,186	350,074,139x	+ 96.8

Twenty - eight items recorded declines, while twenty-six showed increases.
x Excludes temporary advances totalling $298,764,859 made to Mutual Aid Board.

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October , 1945
Volume 12 Number 9

Dominion Statistician: Herbert Marshall, B.A., F.S.S.
Chief, Business Statistics Branch: Sydney B. Smith, M.A.

ECONOMIC CONDITIONS IN CANADA DURING THE FIRST TEN MONTHS OF 1945 COMPARED WITH THE SAME PERIOD OF THE PRECEDING YEAR

Economic conditions were uneven in the first 10 months of 1944 as compared with the same period of the preceding year. The productive operations receded to a lower level owing mainly to the cessation of war production. The index of the physical volume of business averaged 216.7 against 238.1, a decline of 9 per cent. Employment receded to a lesser extent, the index of 182.7 in the first 10 months of 1944 receding to 175.7 in the period under review. The decline was 3.8 per cent, the comparison with the same months of 1944 having been less favorable in the recent period.

Wholesale prices were slightly more than maintained during the present year, the index rising from 102.6 to 103.1. High-grade bond prices were strong, rising to a new high position. The sum of the notice and demand deposits rose more than 14 per cent over the first nine months of 1944. Cheques cashed in clearing centres amounted to $53.7 billion in the first ten months of 1945, the advance having been 9.8 per cent. The upward trend of common stock prices in evidence since mid year 1942 was continued during the present year. The index of common stocks rose 17.2 per cent, averaging 97.6 during the first ten months of the present year.

The volume of Canadian production depends upon expenditures of different classes. In this connection it is interesting that construction contracts awarded rose from $279.2 million in the first eleven months of 1944 to $383.2 million during the same period of the present year, a gain of no less than 37 per cent. Employment in the construction industry, however, showed a gain of only 3.4 per cent suggesting that contracts in large amount have been placed without a great deal of actual work having been performed.

Production of steel ingots and castings, suggestive of the production of munitions and producers' durable goods receded from 2,517,000 tons in the first ten months of last year to 2,454,000; a decline of 2.5 per cent. The output of pig iron showed a decline of 3.7 per cent in the same comparison, the output in the first 10 months of the present year having been 1,508,000 tons. The index of employment in plants manufacturing durable goods was 108.1 on October 1 of the present year against 146.7 in the same month of 1944, indicating a considerable decline in the activities of heavy goods industries, especially in the manufacture of munitions. Some progress has been made toward reconversion to peace-time production but the high level of activity in war plants last year has not been counterbalanced.

The level of production in Canada is dependent to a certain extent upon the expenditures of people in other countries. Merchandise exports recorded a decline of about 3.7 per cent in the first ten months of the present year from the same period of 1944. As the imports showed a somewhat greater decline, an increase was shown in the active balance of trade. Owing to adverse conditions in the gold mining industry, net exports of non-monetary gold receded from $93.7 million to $80 million, a decline of 14.6 per cent.

The retail distribution of commodities constitutes one of the most important outlets for Canadian production. Retail sales rose 8.1 per cent over the first ten months of 1944, retail prices having shown only a minor advance. Aggregate wholesale sales for the first ten months were 10 per cent greater than the volume of trading realized in the same period of 1944. The margin of increase in department store sales in October over the same month of 1944 was 15 p.c. The average for the first ten months of the year gained 11 per cent over the same period of 1944.

The expenditures of the Dominion Government from April to October inclusive receded from $3,030 million in 1944 to $2,495 million in the present year. The ordinary expenditures rose 51.5 per cent to $577 million in the first seven months of the present fiscal year over the same period of 1944. War expenditures naturally showed a considerable decline, receding from $1,985 million to $1,193 million.

The index number of aggregate payrolls was 137.7 in the week of October 1 of this year against 149.9 in the same week of 1944. The index has shown a decline from the same periods of 1944 consistently throughout the elapsed portion of the year. Dividend declarations during 1945 according to unofficial sources were $272.7 million against $280.1 million in 1944. Payments in December were placed at $43.1 million against $58.4 million in the same month last year. The index of dividend payments, after seasonal adjustment, remained steady during the 8 months from April to November.

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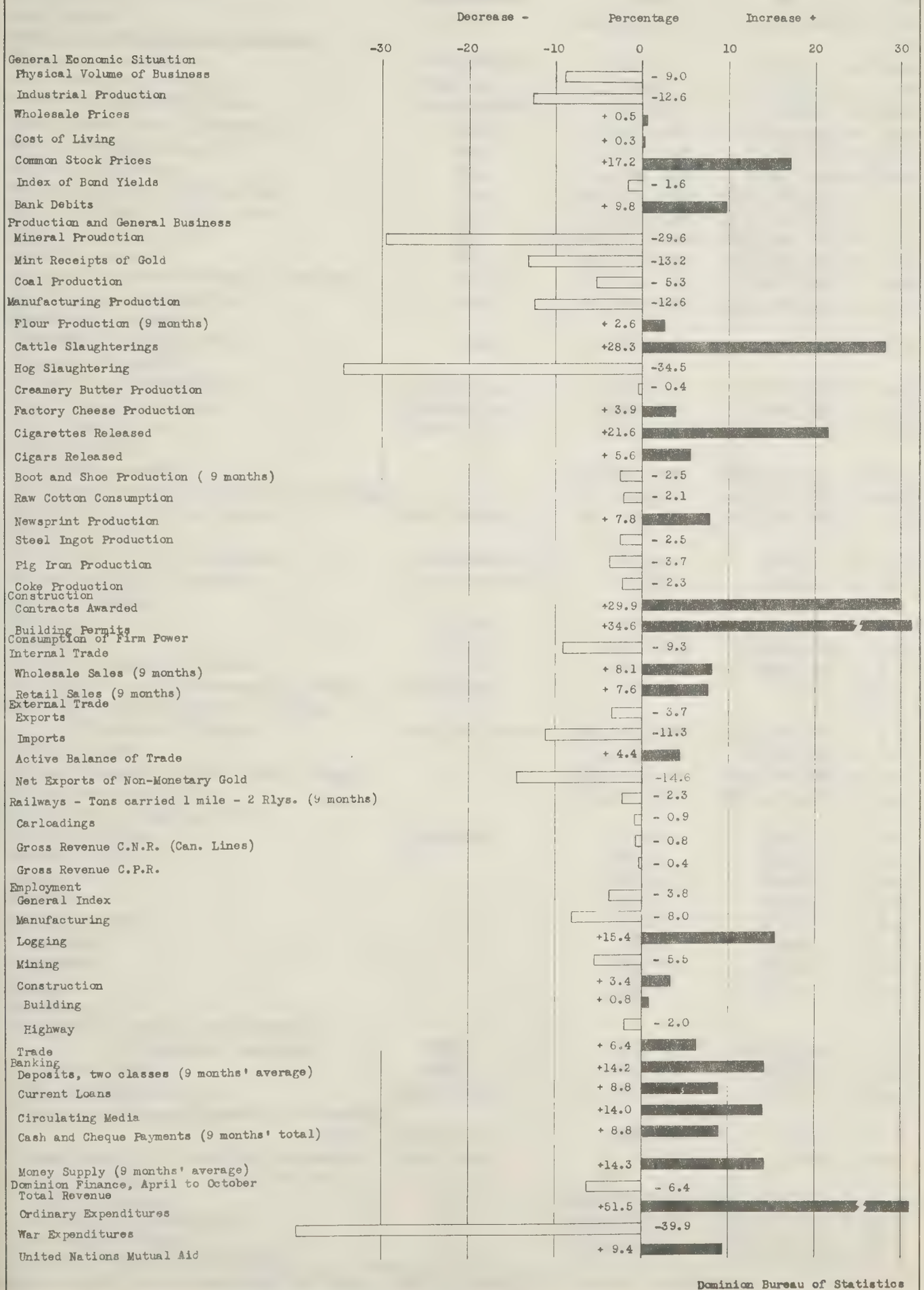
THE ECONOMIC SITUATION IN CANADA

for the First Ten Months of 1945

as compared with the same period of last year.



Dominion Bureau of Statistics

Twenty-eight items recorded declines, while twenty-six showed increases.

Table 1. - Statistics Illustrating the Economic Situation of Canada for the First Ten Months of 1945 compared with the same period of last year.

	Unit or Base Period	First Ten Months 1945	First Ten Months 1944	Per cent Increase + Decrease -
General Economic Situation				
Index of Physical Volume of Business	1935-39=100	216.7	238.1	- 9.0
Index of Industrial Production	1935-39=100	235.2	269.2	- 12.6
Wholesale Prices	1926=100	103.1	102.6	+ 0.5
Cost of Living	1935-39=100	119.4	119.0	+ 0.3
Index of Common Stock Prices	1935-39=100	97.6	83.3	+ 17.2
Index of Bond Yields	1935-39=100	95.5	97.1	- 1.6
Bank Debits	$000	53,719,373	48,942,744	+ 9.8
Production and General Business				
Mineral Production	1935-39=100	164.2	233.4	- 29.6
Gold Receipts at Mint	Fine ozs.	2,093,251	2,412,032	- 13.2
Manufacturing Production	1935-39=100	256.8	293.9	- 12.6
Flour Production (9 months)	Bbls.	18,377,968	17,915,438	+ 2.6
Cattle Slaughterings	No.	2,080,923	1,621,614	+ 28.3
Hog Slaughterings	No.	4,696,526	7,170,354	- 34.5
Creamery Butter Production	Lbs.	268,334,133	269,408,647	- 0.4
Factory Cheese Production	Lbs.	170,849,459	164,503,113	+ 3.9
Cigarettes released	No.	11,675,107,715	9,590,993,304	+ 21.7
Cigars released	No.	172,025,047	162,887,620	+ 5.6
Leather Boots and Shoes (9 months)	Pairs	21,716,789	22,273,138	- 2.5
Raw Cotton consumption	Lbs.	131,196,303	134,074,618	- 2.1
Paper and Lumber -				
Newsprint Production	Tons	2,683,119	2,490,050	+ 7.8
Iron and Steel -				
Steel Ingot Production	Short Ton	2,454,061	2,517,005	- 2.5
Pig Iron Production	Short Ton	1,508,082	1,566,504	- 3.7
Coke Production	Short Ton	3,266,226	3,342,300	- 2.3
Construction -				
Contracts awarded	$	338,248,400	260,330,200	+ 29.9
Building Permits (58 municipalities)	$	111,301,701	82,677,067	+ 34.6
Consumption of firm power	000 K.W.H.	26,736,538	29,488,962	- 9.3
Internal Trade -				
Wholesale Sales (9 months)	1935-39=100	201.4	186.3	+ 8.1
Retail Sales (9 months)	1935-39=100	174.8	162.4	+ 7.6
External Trade -				
Exports	$ 000	2,789,762	2,895,476	- 3.7
Imports	$ 000	1,322,174	1,490,065	- 11.3
Active Balance of Trade	$ 000	+ 1,467,588	+ 1,405,411	+ 4.4
Net Exports of Non-Monetary Gold	$000,000	80.0	93.7	- 14.6
Railways - Tons carried 1 mile (9 months) 2 Rlys.	000,000 tons	43,098,869	44,125,797	- 2.3
Carloadings	No.	3,030,996	3,058,381	- 0.9
Gross Revenue C.N.R. (Can. Lines)	$	321,663,000	324,178,800	- 0.8
Gross Revenue C.P.R.	$	266,371,782	267,402,229	- 0.4
Employment - Unadjusted -				
General Index	1926-100	175.7	182.7	- 3.8
Manufacturing		207.3	225.3	- 8.0
Logging		236.4	204.9	+ 15.4
Mining		146.7	155.3	- 5.5
Construction		106.7	103.2	+ 3.4
Building		95.0	94.2	+ 0.8
Highway		125.9	128.5	- 2.0
Trade		172.4	162.0	+ 6.4
Banking -				
Deposits (Notice and Demand) (9 Months' Average)	$000	4,639,753	4,062,360	+ 14.2
Current Loans	$000	1,076,209	988,716	+ 8.8
Circulating Media	$000,000	1,020.0	894.9	+ 14.0
Cash and Cheque Payments (9 months' total)	$000,000	67,796	62,313	+ 8.8
Money Supply (9 months' average)	$000,000	6,331	5,538	+ 14.3
Dominion Finance - April to Oct. -				
Total Revenues	$	1,539,977,647	1,645,335,949	- 6.4
Ordinary Expenditures	$	577,365,738	381,061,345	+ 51.5
War Expenditures	$	1,192,809,861	1,985,047,274	- 39.9
United Nations Mutual Aid	$	719,157,645	657,302,557x	+ 9.4

Twenty-eight items recorded declines, while twenty-six showed increases.

x Includes temporary advances totalling $298,764,859 made to Mutual Aid Board.

BANK STATISTICS FILE

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November, 1945
Number 11

Dominion Statistician: Herbert Marshall, B.A., F.S.S.
Chief, Business Statistics Branch: Sydney B. Smith, M.A.

ECONOMIC CONDITIONS IN CANADA DURING THE FIRST ELEVEN MONTHS OF 1945 COMPARED WITH THE SAME PERIOD OF THE PRECEDING YEAR

The major factors indicating the trend of economic conditions were uneven in the first eleven months of 1945 compared with the preceding year. The average of six factors was higher last year than at any other time. The sum of the four classes of bank deposits rose to a new high position in history. The notice and demand deposits were 14.5 per cent greater than in the same period of the preceding year. The levels of 1944, in turn were higher than in any previous year. Dominion bond prices were stronger in 1945. The index of bond yields receded from 97.1 to 95.4 indicating a considerable advance in high grade bond prices. Wholesale prices showed moderate advance in the year just ended. During the first eleven months the index averaged 103.1 against 102.5 in the preceding year, a gain of 0.6 per cent. Wholesale prices have been relatively steady since the later months of 1943. An upward trend was shown from the first quarter of 1933 to the summer of 1943, more than counterbalancing the decline from 1925 to the depth of the depression.

The year was characterized by a marked advance in common stock prices, the index rising 17.7 per cent. The index for the first eleven months of 1944 was 83.6, while for the same period of last year the standing was 98.4. The advance continued until the end of the year, the index standing at 113.3 in the week of December 27. The comparable index for December, 1944 was 86.6

Productive operations showed a declining trend in process since the early months of 1944. The index of the physical volume of business was 9.7 per cent lower in the first eleven months of 1945 than in the same period of the preceding year, the index on the base of 1935-39 averaging 214.3.

The prosperity of Canada in the future depends upon the magnitude of expenditures of different classes. It is anticipated that heavy expenditures will be incurred for construction, a heavy backlog having been established during the war period. Contracts awarded during 1945 amounted to $409 million against $292 million in the preceding year. This large volume of work, the greatest of any year since 1930, was contracted for despite difficulty in the supply of building materials and construction labour throughout the year. Materials and skilled labour continued in extremely short supply until the present time. Building permits in 58 municipalities rose 37.4 per cent in the first eleven months to $123 million against about $89.5 million in the same period of 1944.

The index of employment in the production of durable goods receded from 144.2 on November 1st, 1944 to 104.6 on the same date of last year. The considerable decline represents a reduction in activity in the heavy industries producing munitions and producers' goods.

The output of steel ingots was relatively well maintained at 2,662,000 short tons against 2,785,000, a decline of 4.4 per cent. The output of pig iron in the first eleven months showed a somewhat lower percentage decline.

An important proportion of Canadian manpower is dependent upon the volume of export trade which is contingent upon the expenditures of people in other countries. Exports during the first eleven months were 5.7 per cent lower than in the same period of the preceding year. The standing in domestic exports during November was $239 million against $312 million in the same month of 1944. The war materials were reduced from $138.6 million to about $44 million during the same period.

Department store sales in the first eleven months of 1945 were 11 per cent greater than in the same period of the preceding year. The seasonally adjusted index reached an unprecedented peak of 222.9 in November the latest month for which statistics are available. Country store sales recorded an increase of 6.5 per cent over the first eleven months of 1944. The increase in November over the corresponding month of the preceding year was 9 per cent. Retail sales during the first ten months averaged 16.7 per cent greater than in the same period of 1944. The increase in wholesale sales in the same comparison was 8.9 per cent.

Dominion Government ordinary expenditures showed an increase of 51.5 per cent from April to October over the same period of the preceding fiscal year. War expenditures on the other hand receded 39.9 per cent the total in the first seven months of the present fiscal year having been $1,193 million. The increase in the United Nations Mutual Aid expenditures was 9.4 per cent.

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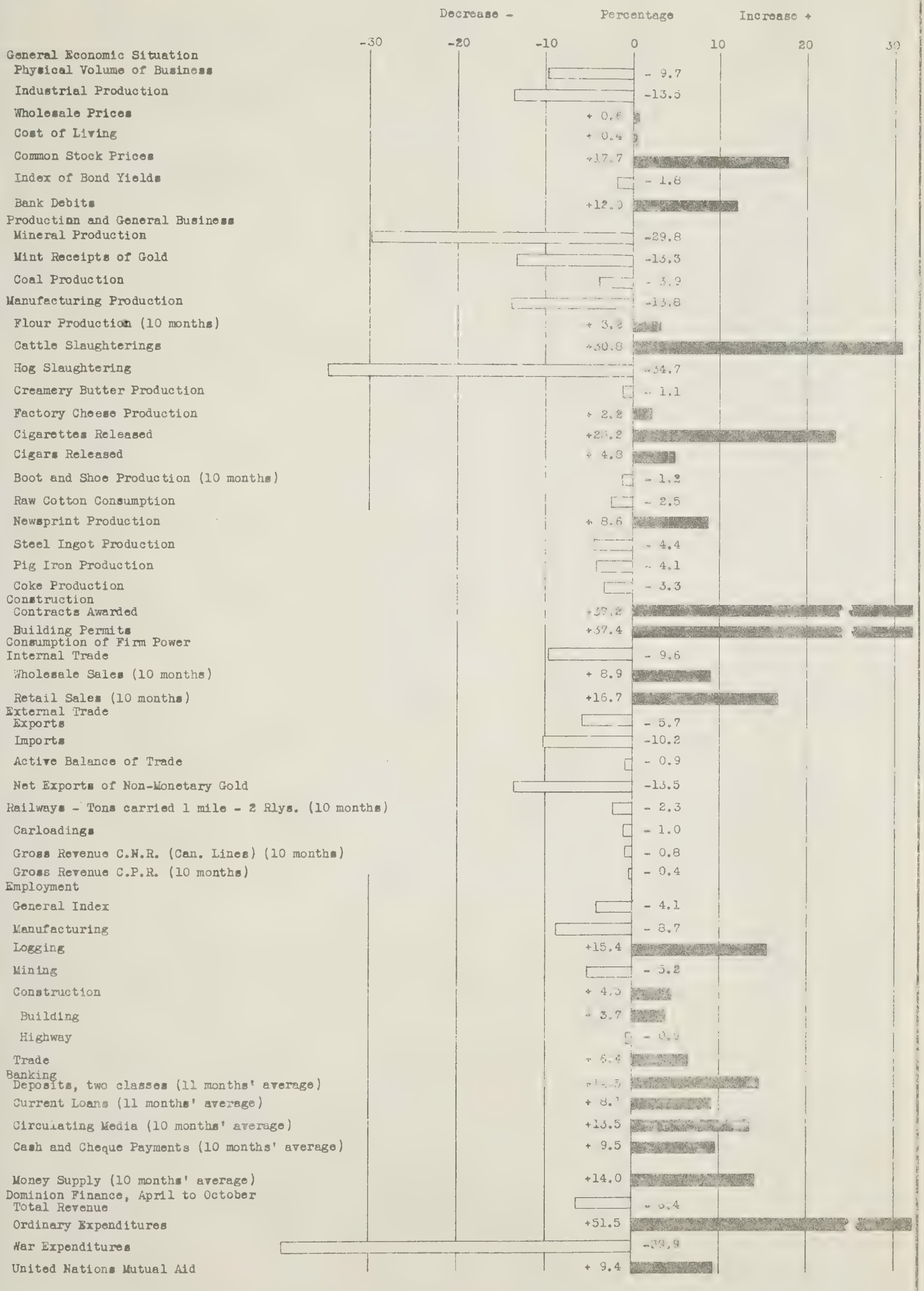
Minister of Trade and Commerce

THE ECONOMIC SITUATION IN CANADA

for the First Eleven Months of 1945

as compared with the same period of the preceding year.



Dominion Bureau of Statistics

Twenty-nine items recorded declines, while twenty-five showed increases.

Table 1. - Statistics Illustrating the Economic Situation of Canada for the First Eleven Months of 1945 compared with the same period of last year.

	Unit or Base Period	First Eleven Months 1945	1944	Per cent Increase Decrease -
General Economic Situation				
Index of Physical Volume of Business	1935-39=100	214.3	237.2	- 9.7
Index of Industrial Production	1935-39=100	231.8	268.0	- 13.5
Wholesale Prices	1926=100	103.1	102.5	+ 0.6
Cost of living	1935-39=100	119.4	118.9	+ 0.4
Index of Common Stocks Prices	1935-39=100	98.4	83.6	+ 17.7
Index of Bond Yields	1935-39=100	95.4	97.1	- 1.8
Bank Debits	$000	62,300,062	55,613,945	+ 12.0
Production and General Business				
Mineral Production	1935-39=	161.2	229.6	- 29.8
Gold Receipts at Mint	Fine oxs.	2,298,226	2,651,599	- 13.3
Coal Production	Tons	14,891,010	15,493,357	- 3.9
Manufacturing Production	1935-39=100	252.6	293.0	- 13.8
Flour Production (10 months)	Bbls.	20,605,150	19,963,946	+ 3.2
Cattle Slaughterings	No.	2,391,205	1,828,021	+ 30.8
Hog Slaughterings	No.	5,224,329	7,998,772	- 34.7
Creamery Butter Production	Lbs.	282,688,449	285,891,011	- 1.1
Factory Cheese Production	Lbs.	177,709,232	173,871,867	+ 2.2
Cigarettes released	No.	13,098,353,322	10,634,607,120	+ 23.2
Cigars released	No.	190,451,642	181,742,560	+ 4.8
Leather Boots and Shoes (10 months)	Pairs	24,477,473	24,773,752	- 1.2
Raw Cotton consumption	Lbs.	144,722,365	148,417,704	- 2.5
Newsprint Production	Tons	2,982,277	2,746,812	+ 8.6
Iron and Steel -				
Steel Ingot Production	Short Ton	2,662,042	2,785,928	- 4.4
Pig Iron Production	Short Ton	1,642,733	1,713,476	- 4.1
Coke Production	Short Ton	3,550,430	3,671,157	- 3.3
Construction -				
Contracts awarded	$	383,245,900	279,231,800	+ 37.2
Building Permits (58 municipalities)	$	122,988,779	89,504,905	+ 37.4
Consumption of firm power	000 K.W.H.	29,282,020	32,393,416	- 9.6
Internal Trade -				
Wholesale Sales (10 months)	1935-30=100	204.7	188.0	+ 8.9
Retail Sales (10 months)	1935-39=100	177.7	152.3	+ 16.7
External Trade -				
Exports	$ 000	3,031,021	3,212,949	- 5.7
Imports	$ 000	1,464,583	1,631,682	- 10.2
Active Balance of Trade	$ 000	+ 1,566,438	+ 1,581,267	- 0.9
Net Exports of Non-Monetary Gold	$000,000	89.8	103.8	- 13.5
Railways - Tons carried 1 mile (10 months) 2 Rlys.	000,000 tons	48,224,594	49,368,758	- 2.3
Carloadings	No.	3,352,618	3,386,160	- 1.0
Gross Revenue C.N.R. (Can. Lines) (10 months)	$	321,663,000	324,178,800	- 0.8
Gross Revenue C.P.R. (10 months)	$	266,371,782	267,402,229	- 0.4
Employment - Unadjusted -				
General Index	1926-100	175.3	182.8	- 4.1
Manufacturing		205.4	224.9	- 8.7
Logging		240.1	208.0	+ 15.4
Mining		146.7	154.8	- 5.2
Construction		108.8	104.1	+ 4.5
Building		98.5	95.0	+ 3.7
Highway		129.1	129.9	- 0.6
Trade		173.2	162.8	+ 6.4
Banking -				
Deposits (Notice and Demand) (11 Months' Average)	$000	4,718,995	4,122,828	+ 14.5
Current Loans (11 Months' Average)	$000	1,088,987	1,007,566	+ 8.1
Circulating Media (10 Months' Average)	$000,000	1,024.9	902.6	+ 13.5
Cash and Cheque Payments (10 months' total)	$000,000	75,952	69,381	+ 9.5
Money Supply (10 months' average)	$000,000	6,371	5,588	+ 14.0
Dominion Finance - April to Oct. -				
Total Revenues	$	1,539,977,647	1,645,335,949	- 6.4
Ordinary Expenditures	$	577,365,738	381,061,345	+ 51.5
War Expenditures	$	1,192,809,861	1,985,047,274	- 39.9
United Nations Mutual Aid	$	719,157,645	657,302,557x	+ 9.4

Twenty-nine items recorded declines, while twenty-five showed increases.
x Includes temporary advances totalling $298,764,859 made to Mutual Aid Board.

BAROMETRICS FILE

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3-4030
December, 1945
Volume 12 Number 12.

Dominion Statistician: Herbert Marshall, B.A., F.S.S.
Chief, Business Statistics Branch: Sydney B. Smith, M.A.

ECONOMIC CONDITIONS IN CANADA DURING 1945 COMPARED WITH THE PRECEDING YEAR

The average of six strategic factors indicating the trend of economic conditions averaged higher in 1945 than in any other year. Five indexes used in this connection rose to a higher position than in 1944. Bank deposits, consisting of Dominion and Provincial balances and notice and demand deposits, were at a higher level than in any other year. Notice deposits were $2,865 million at the end of December compared with $2,423 million on the same date of 1944. A considerable increase was also shown in demand deposits in the same comparison. As deposits subject to cheque constitute the main element in the money supply, the high level during the year recently ended has an important bearing on economic conditions during the present year.

Speculative factors showed a continuance of the upward trend during recent years. The index of common stock prices averaged nearly 19 p.c. greater during 1945 than in the preceding year and speculative trading was at higher levels than in any other year for a considerable time. The gain in wholesale prices was of moderate proportions, the index rising from 102.5 to 103.1. Dominion bond prices were considerably stronger expecially toward the later part of the year. The index of bond yields receded about 2 p.c., the average in 1945 having been slightly more than 95. The advance has continued during the first month of the present year.

Productive operations, due to the marked reduction in the output of war supplies, were at a lower level than in 1944. The decline in the index of the physical volume of business was more than 10 p.c. The standing of the index at 212.5 indicates a higher level of production than in any other year except 1943 and 1944.

The marked decline in war expenditures by the Dominion Government was counterbalanced to a certain extent by increases in other lines. Preparations are being made for a marked increase in the activity of the construction industry. Contracts awarded rose 40 p.c. to $409 million in 1945. Building permits in principal municipalities showed a slightly greater percentage increase, the total in 1945 having been $136 million. The index of employment in construction, however, showed a gain of only about 6 p.c., indicating that many contracts have been placed without very much work having been performed upon them. The value of residential building under new contracts totalling almost one-half of all new business, suggests that at the present time the main limiting factor in house construction is the availability of materials and labour.

The production of steel ingots, indicative of the production of munitions and producers' durables, recorded a recession of 4.7 p.c., the total in 1945 having been 2,881,000 short tons. The recession in pig iron production was of slightly lesser proportions.

The export trade creates a strong demand for Canadian products. Total exports, excluding gold, amounted to $3,267 million during 1945, a decline of 6.2 p.c. from the preceding year. The imports at $1,586 million showed a decline of 9.8 p.c. The active balance of trade receded from $1,724 million to $1,682 million. The net exports of non-monetary gold, being additional to the balance of trade, were $96 million in 1945 against $109.7 million in the preceding year, a dedline of 12.5 p.c.

The retail trade was considerably greater in 1945 than in the preceding year. The average of the index during the first eleven months rose from 166.7 to 180.9. The percentage gain in wholesale sales was somewhat greater than in retail distribution, the index averaged 206.2 in the first eleven months of 1945 against 188.6 in the same period of the preceding year. Country general store sales averaged 6.5 p.c. greater during the calendar year 1945 than in the preceding year, with all provinces sharing in the advance. The index of department store sales rose 11 p.c. over the average for 1944.

The ordinary expenditures of the Dominion Government rose from $528 million in the first nine months of the fiscal year ended March 31, 1945 to $827 million in the same period of the present fiscal year. The war expenditures, on the other hand, dropped from $2,442 million to $1,471 million, a decline of no less than 39.7 p.c. The increase in the United Nations Mutual Aid expenditures was 12.4 p.c., the total during the elapsed part of the present fiscal year having been $759 million.

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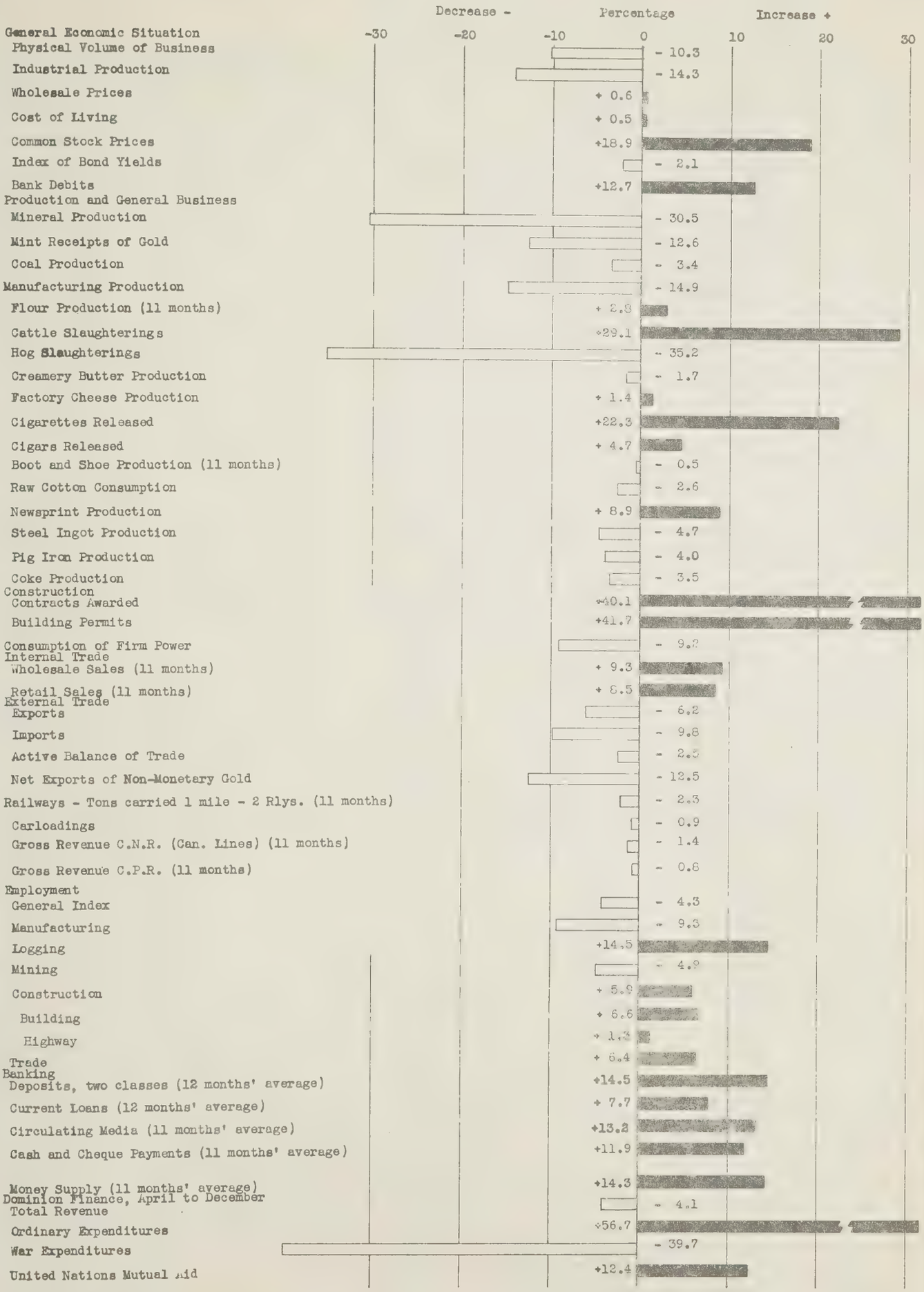
Minister of Trade and Commerce

THE ECONOMIC SITUATION IN CANADA

in 1945 as compared with the preceding year.



Dominion Bureau of Statistics

Twenty-eight items recorded declines, while twenty-six showed increases.

Table 1. - Statistics Illustrating the Economic Situation of Canada in 1945 compared with the preceding year.

	Unit or Base Period	1945	1944	Per Cent Increase + Decrease -
General Economic Situation				
Index of Physical Volume of Business	1935-39=100	212.5	236.8	- 10.3
Index of Industrial Production	1935-39=100	228.7	267.0	- 14.3
Wholesale Prices	1926=100	103.1	102.5	+ 0.6
Cost of Living	1935-39=100	119.5	118.9	+ 0.5
Index of Common Stocks Prices	1935-39=100	99.6	83.8	+ 18.9
Index of Bond Yields	1935-39=100	95.1	97.1	- 2.1
Bank Debits	$000	68,384,813	60,676,954	+ 12.7
Production and General Business				
Mineral Production	1935-39=100	157.3	226.2	- 30.5
Gold Receipts at Mint	Fine ozs.	2,493,167	2,853,917	- 12.6
Coal Production	Tons	16,441,878	17,026,499	- 3.4
Manufacturing Production	1935-39=100	248.7	292.3	- 14.9
Flour Production (11 months)	Bbls.	22,890,467	22,270,553	+ 2.8
Cattle Slaughterings	No.	2,601,944	2,014,700	+ 29.1
Hog Slaughterings	No.	5,683,727	8,766,441	- 35.2
Creamery Butter Production	lbs.	293,254,813	298,251,925	- 1.7
Factory Cheese Production	lbs.	180,664,846	178,229,872	+ 1.4
Cigarettes released	No.	14,264,672,756	11,666,420,984	+ 22.3
Cigars released	No.	207,042,689	197,779,390	+ 4.7
Leather Boots and Shoes (11 months)	Pairs	27,210,257	27,339,975	- 0.5
Raw Cotton consumption	lbs.	156,870,920	161,047,106	- 2.6
Newsprint Production	Tons	3,259,208	2,991,782	+ 8.9
Iron and Steel -				
Steel Ingot Production	Short Ton	2,881,323	3,024,410	- 4.7
Pig Iron Production	Short Ton	1,777,958	1,852,628	- 4.0
Coke Production	Short Ton	3,862,451	4,001,563	- 3.5
Construction -				
Contracts awarded	$	409,032,700	291,961,800	+ 40.1
Building Permits (58 municipalities)	$	136,454,198	96,303,973	+ 41.7
Consumption of firm power	000 K.W.H.	31,912,761	35,150,741	- 9.2
Internal Trade -				
Wholesale Sales (11 months)	1935-39=100	206.2	188.6	+ 9.3
Retail Sales (11 months)	1935-39=100	180.9	166.7	+ 8.5
External Trade -				
Exports	$000	3,267,424	3,483,099	- 6.2
Imports	$000	1,585,775	1,758,898	- 9.8
Active Balance of Trade	$000	+ 1,681,649	+ 1,724,201	- 2.5
Net Exports of Non-Monetary Gold	$000,000	96.0	109.7	- 12.5
Railways - Tons carried 1 mile (11 months) 2 Rlys.	000,000 tons	53,162,414	54,421,256	- 2.3
Carloadings	No.	3,624,545	3,658,671	- 0.9
Gross Revenue C.N.R. (Can. Lines) (11 months)	$	351,940,800	356,987,800	- 1.4
Gross Revenue C.P.R. (11 months)	$	292,326,341	294,689,892	- 0.8
Employment - Unadjusted -				
General Index	1926=100	175.1	183.0	- 4.3
Manufacturing		203.6	224.5	- 9.3
Logging		247.0	215.8	+ 14.5
Mining		146.9	154.5	- 4.9
Construction		110.7	104.5	+ 5.9
Building		101.6	95.3	+ 6.6
Highway		132.5	130.8	+ 1.3
Trade		174.7	164.2	+ 6.4
Banking -				
Deposits (Notice and Demand) (12 months' Average)	$000	4,736,433	4,136,367	+ 14.5
Current Loans (12 Months' Average)	$000	1,100,493	1,022,118	+ 7.7
Circulating Media (11 months' Average)	$000,000	1,028.3	908.0	+ 13.2
Cash and Cheque Payments (11 months' total)	$000,000	88,131	78,743	+ 11.9
Money Supply (11 months' Average)	$000,000	6,452	5,644	+ 14.3
Dominion Finance - April to December -				
Total Revenue	$	1,867,014,904	1,946,456,584	- 4.1
Ordinary Expenditures	$	827,180,824	528,030,664	+ 56.7
War Expenditures	$	1,471,423,570	2,442,057,450	- 39.7
United Nations Mutual Aid	$	758,565,154	674,625,294	+ 12.4

Twenty-eight items recorded declines, while twenty-six showed increases.

BAROMETRICS FILE

11-D-01

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Minister of Trade and Commerce

CANADA

DEPARTMENT OF TRADE AND COMMERCE

DOMINION BUREAU OF STATISTICS

BUSINESS STATISTICS BRANCH

ECONOMIC CONDITIONS IN CANADA

JANUARY, 1946

OTTAWA
1946

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Volume 13 Number 1.

Dominion Statistician: Herbert Marshall, B.A., F.S.S.
Chief, Business Statistics Branch: Sydney B. Smith, M.A.

ECONOMIC CONDITIONS IN CANADA DURING JANUARY, 1946 COMPARED WITH THE SAME MONTH OF THE PRECEDING YEAR

The average of six major factors indicating the trend of economic conditions rose to a higher level in January than in any other month. The index of the physical volume of business was the only factor showing a decline from the same month of 1945. The general level of wholesale prices has been remarkably steady since the later months of 1943. The index in January was 1.1 p.c. higher than in the same month one year ago. Speculative factors rose to a high position in the first month of the year. The index of common stock prices was 123.5 compared with 89.4, a gain of 38.1 p.c. The percentage increase in the number of shares traded on the Montreal Exchange was considerably greater than that of common stock prices. Bond prices rose sharply in December and January, the index on the base of 1935-39 rising from 103.4 in January, 1945 to 111.1 in the month under review. The sum of the four main classes of bank deposits rose sharply from the outbreak of hostilities in September, 1939 to the present time. The total at the end of December was $5.9 billion against $5.1 billion on the same date of the preceding year, a gain of 15.7 p.c.

The prosperity of Canada depends upon the amount of expenditures of different kinds. The new business obtained by the construction industry rose to a high level in the first month of the year. The gain in contracts awarded was 134 p.c. while building permits showed an increase of 172 p.c. Owing to the shortage of materials, the operations of the construction industry have not expanded to the same extent as the contracts placed. The index of employment in building construction, however, showed an increase from 87 to 121.5, a gain of more than 39 p.c.

An impression of the production of producers' durables and munitions may be obtained from the statistics of the output of steel ingots and pig iron. Steel ingot production in January amounted to 244,623 short tons compared with 268,722 in the same month of 1945, a decline of 9 p.c. Pig iron production showed a drop of 7.9 p.c., the total in January having been 143,685 tons. The index of employment in industries engaged in the production of durable goods receded from 251 to 186, the decline amounting to nearly 26 p.c.

Purchases of consumers' goods at retail outlets recorded an increase of 7.8 p.c. in December over the same month of 1944. Wholesale sales during the same month recorded a gain of no less than 14.5 p.c. Owing to the drop in the outward shipments of war materials, exports showed a considerable decline in the first month of the year. The total was $191 million against $234 million, a decline of 18 p.c. Imports, on the other hand, rose from $130 million to $140 million. The active balance of trade, exclusive of gold, showed a considerable decline. The net exports of non-monetary gold which had been $8.7 million in January, 1945 rose to $9.3 million in the first month of the present year.

The ordinary expenditures of the Dominion government from April to the end of January rose 60 p.c. to $952 million. War expenditure, on the other hand, receded from $2.7 billion to $1.6 billion, the decline having been nearly 42 p.c. The United Nations Mutual Aid showed a gain of 11.8 p.c. in the same comparison. The revenues of the Dominion government were relatively well maintained, the total having been $2,101 million against $2,183 million, an indicated decline of 3.8 p.c.

Purchasing Power

The index of aggregate weekly payrolls in the nine main groups of the Canadian economy recorded a decline from 137.6 at the first of January to 128.1 on the same date of this year. During the same interval the average weekly earnings dropped from $30.18 to $30.02. The percentage decline in general employment, as indicated by the index on the base of 1926, was 6.9, the standing this year having been 107.9. Advances, however, were recorded in a number of important groups including logging, transportation, communication, services, trade and finance.

Dividend payments, according to an unofficial source, rose from $22,980,000 to $27,086,000, the increase amounting to nearly 18 p.c. Dominion government interest payments from April to the end of January showed an increase of 18.3 p.c., the total in the first ten months of the present fiscal year having been $318 million. A matter of consideration to recent purchasers of high grade bonds is the marked decline in yields. The index of bond yields based upon a Dominion issue receded from 96.7 in January last year to 90.0, a decline of 6.9 p.c.

Production

The index of the physical volume of business dropped from 228.8 in January, 1945 to 195.4, a decline of 14.6 p.c. Employment in the mining industry, on the other hand, showed a slight increase, indicating that operations are expanding in the current period. Gold receipts at the Mint rose 6.7 p.c. and coal production was 8 p.c. greater. According to latest available statistics, the output of copper, nickel, lead and zinc has shown reduction from the relatively high levels one year ago.

The employment in manufacturing plants, due to the decline in war production, dropped 15.4 p.c., the index on the base of 1926 having been 179.9. Declines were shown in the operations of the meat packing and dairy industries. The tobacco industry was more active as measured by the release of cigarettes and cigars. The leather boot and shoe industry was slightly more active in the latest available month. Newsprint production showed marked expansion in the first month of the year. The consumption of raw cotton indicates somewhat greater activity in the textile industry.

Carloadings were at a slightly higher level, the amount in the first month of the year having been 287,439 against 279,943. The gross revenues of the two main railways during the first eleven months of 1945 were at a somewhat lower level than in the preceding year.

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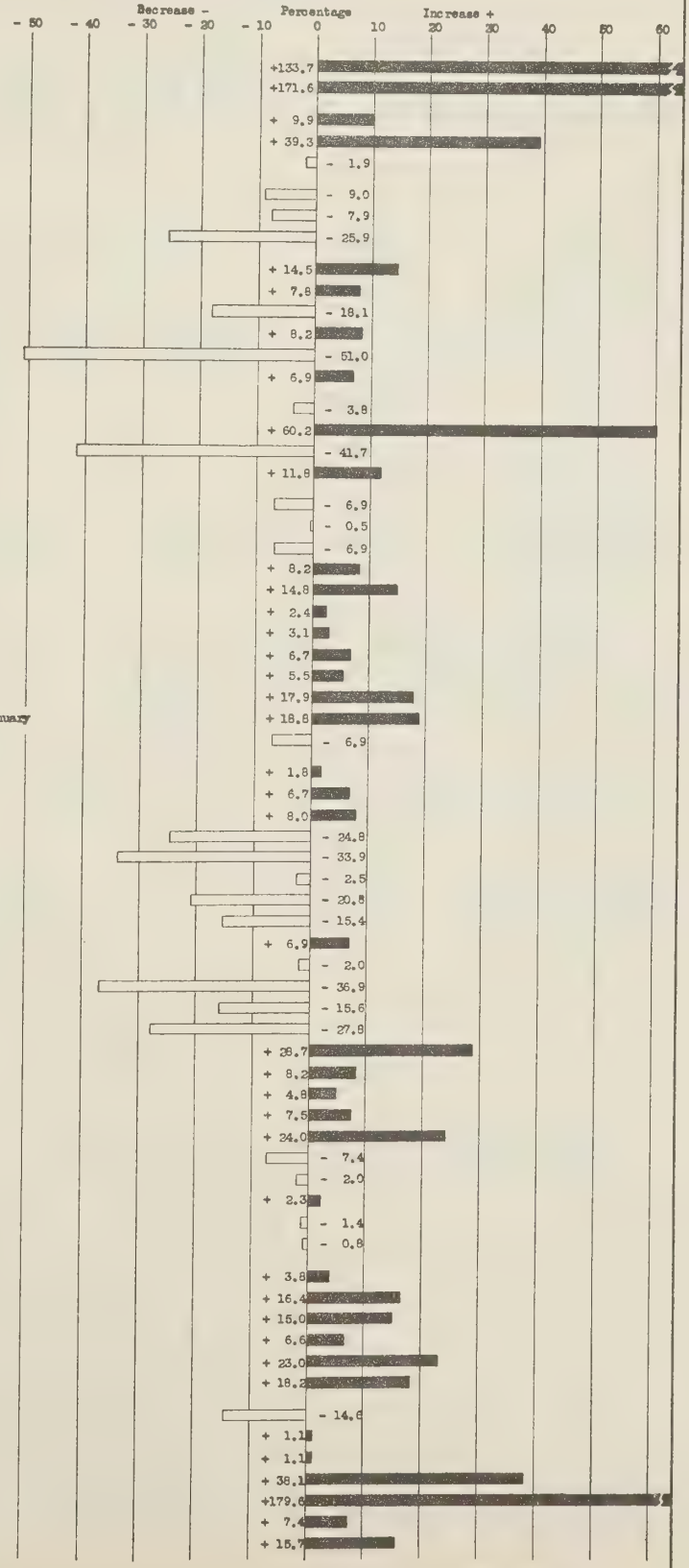
THE ECONOMIC SITUATION IN CANADA

for January, 1946 as compared with the same month of last year.



Dominion Bureau of Statistics.

Twenty-six items recorded declines, while forty showed increases.

Table 1. - Statistics Illustrating the Economic Situation of Canada for January, 1946, compared with the same month of last year.

	Unit or Base Period	January 1946	January 1945	Per cent Increase + Decrease -
EXPENDITURES				
Construction -				
Contracts awarded	$	27,395,600	11,721,900	+ 133.7
Building Permits (58 Municipalities)	$	11,762,072	4,330,072	+ 171.6
Employment - (Unadjusted)	1926=100			
Construction		107.9	98.2	+ 9.9
Building		121.5	87.2	+ 39.3
Highway		113.6	115.8	- 1.9
Iron and Steel				
Steel Ingot Production	Short Ton	244,623	268,722	- 9.0
Pig Iron Production	Short Ton	143,685	155,969	- 7.9
Employment Durable goods	1926=100	186.1	251.3	- 25.9
Trade				
Wholesale Sales (December)	1935-39=100	195.6	170.8	+ 14.5
Retail Sales (December)	1935-39=100	255.7	237.1	+ 7.8
Exports	$ '000	191,344	233,862	- 18.1
Imports	$ '000	140,309	129,685	+ 8.2
Active Balance of Trade	$ '000	+ 51,035	+ 104,177	- 51.0
Net Exports of Non-Monetary Gold	$ '000,000	9.3	8.7	+ 6.9
Dominion Finance, April to January				
Total Revenue	$	2,100,518,052	2,182,864,767	- 3.8
Ordinary Expenditures	$	952,069,191	594,294,401	+ 60.2
War Expenditures	$	1,576,331,637	2,703,751,707	- 41.7
United Nations Mutual Aid	$	753,138,845	673,346,574	+ 11.8
PURCHASING POWER				
Aggregate Weekly Payrolls June 1, 1941=100 (Nine Groups)		128.1	137.6	- 6.9
Average Weekly Earnings (Nine Groups)	$	30.02	30.18	- 0.5
Employment General	1926=100	167.9	180.4	- 6.9
Logging		338.8	313.0	+ 8.2
Communications		127.1	110.7	+ 14.8
Transportation		125.2	122.3	+ 2.4
Services		207.3	201.1	+ 3.1
Trade		192.9	180.8	+ 6.7
Finance		135.5	128.4	+ 5.5
Dividends	$	27,085,896	22,980,207	+ 17.9
Dominion Government Interest Payments (April to January)	$	318,212,667	267,937,978	+ 18.8
Index of Bond Yields	1935-39=100	90.0	96.7	- 6.9

Table 1. - Statistics Illustrating the Economic Situation of Canada for January, 1946, compared with the same month of last year. - Concluded.

	Unit or Base Period	January 1946	January 1945	Per cent Increase + Decrease -
PRODUCTION				
Mining Employment	1926=100	149.1	146.4	+ 1.8
Gold Receipts at Mint	Fine ozs.	248,308	232,647	+ 6.7
Coal Production	Tons	1,816,640	1,681,613	+ 8.0
Copper Production (December)	000 lbs.	34,473	45,824	- 24.8
Nickel Production (December)	000 lbs.	14,398	21,768	- 33.9
Lead Production (December)	000 lbs.	34,476	35,347	- 2.5
Zinc Production (December)	000 lbs.	40,213	50,769	- 20.8
Manufacturing Employment	1926=100	179.9	212.7	- 15.4
Flour Production (December)	Bbls.	2,168,751	2,029,530	+ 6.9
Cattle Slaughterings	No.	189,225	193,121	- 2.0
Hog Slaughterings	No.	477,592	756,446	- 36.9
Creamery Butter Production	Lbs.	9,639,678	11,421,403	- 15.6
Factory Cheese Production	Lbs.	1,844,984	2,556,720	- 27.8
Cigarettes Released	No.	1,491,168,855	1,159,075,428	+ 28.7
Cigars Released	No.	17,904,565	16,553,214	+ 8.2
Leather Boots and Shoes (December)	Pairs	2,308,515	2,203,293	+ 4.8
Raw Cotton Consumption	Lbs.	14,105,993	13,127,147	+ 7.5
Newsprint Production	Tons	328,414	264,766	+ 24.0
Coke Production	Short Ton	315,923	340,992	- 7.4
Tons Carried 2 Rlys (11 months)	000 Tons	113,289	115,547	- 2.0
Carloadings	No.	287,439	279,943	+ 2.3
Gross Revenue C.N.R. (Can. Lines) (11 months)	$	351,940,800	356,987,800	- 1.4
Gross Revenue C.P.R. (11 months)	$	292,326,341	294,689,892	- 0.8
BANKING				
Current Loans (December)	$ 000	1,227,065	1,182,188	+ 3.8
Money Supply (December)	$ 000,000	7,179	6,168	+ 16.4
Deposits (Notice and Demand) (December)	$ 000	4,928,250	4,285,298	+ 15.0
Circulating Media (December)	$ 000,000	1,055.0	990.1	+ 6.6
Cash and Cheque Payments (December)	$ 000,000	8,666	7,048	+ 23.0
Bank Debits (33 Centres)	$ 000	5,990,656	5,069,995	+ 18.2
GENERAL ECONOMIC SITUATION				
Index of Physical Volume of Business	1935-39=100	195.4	228.8	- 14.6
Wholesale Prices	1935-39=100	134.8	133.3	+ 1.1
Cost of Living	1935-39=100	119.9	118.6	+ 1.1
Index of Common Stock Prices	1935-39=100	123.5	89.4	+ 38.1
Index of Shares Traded, Montreal	1935-39=100	252.8	90.4	+ 179.6
Index of Bond Prices	1935-39=100	111.1	103.4	+ 7.4
Deposits Four Classes (December) (Dom.Prov. Demand and Notice)	$ 000	5,941,437	5,136,845	+ 15.7

Twenty-six items recorded declines, while forty showed increases.

11-D-01

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CANADA

DEPARTMENT OF TRADE AND COMMERCE

DOMINION BUREAU OF STATISTICS

BUSINESS STATISTICS BRANCH

ECONOMIC CONDITIONS IN CANADA

DURING THE FIRST TWO MONTHS OF 1946

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Dominion Statistician: Herbert Marshall, B.A., F.S.S.
Chief, Business Statistics Branch: Sydney B. Smith, M.A.

ECONOMIC CONDITIONS IN CANADA DURING THE FIRST TWO MONTHS OF 1946 COMPARED WITH THE SAME PERIOD OF THE PRECEDING YEAR

The six economic factors averaged higher in the first two months of the present year than in any other period. The deposit liabilities of the banks reached a particularly high level in the early months of the present year. The total of the sum of four main classes was $5.8 billion at the end of February compared with $5.0 billion on the same date of last year. Advances were recorded in Dominion balances, notice and demand deposits in this comparison, while provincial balances were at a slightly lower position. Notice deposits were more than $3 billion on February 28, while demand deposits were $1,995 million.

The yield on Dominion bonds receded to a lower point than at any other time. The price of high-grade bonds consequently rose to an exceedingly high point, the rise being rapid during the early months of 1946. Speculative factors were markedly strong, the index of common stock prices on the pre-war base having been 122.7 against 91.1 in the first two months of last year. The index of shares traded rose 146 per cent over the early months of 1945. The rise in the index of wholesale prices was of relatively minor proportions, the index showing a gain of 1.4 per cent only. The index of the physical volume of business receded to a lower position in continuance of the downward trend since the early months of 1944. The index on the base of 1935-39 was 188.3 against 222.7 in the same period of last year, a decline of 15.4 per cent.

Considerable variation was shown in the first two months of the present year from the same period of 1945 in regard to different classes of expenditures, upon which the levels of employment and economic activity depend. The decline in the export trade and in government expenditures contrasts with the more active conditions in the construction industry and in commodity distribution through retail and wholesale outlets.

The placement of contracts with the construction industry and the issue of building permits rose to high levels in the early months of the year. A lag is shown between the value of projects contracted for and the actual operations of the industry. While the awards rose 145 per cent over the first two months of 1945 and building permits in 58 municipalities were 137 per cent greater, it is observed that employment in the construction industry was only 11.8 per cent above the levels of one year ago. Employment in building projects rose 42.5 per cent, but the gain was far less than in the new business obtained by the industry.

The operations of the iron and steel industry reflect the influence of the demand for munitions and producers of durable goods. Steel and pig iron production showed a moderate decline from the high levels of the first two months of 1945. The present standing suggests strong demand for iron and steel for purposes of reconversion and industrial expansion. The cancellation of orders for munitions and war supplies has resulted in decline, but the demand for other purposes has tended to counterbalance the reaction. The index of employment in industries engaged on the production of durable goods showed a large decline. The index in the first two months of the present year averaged 187, a decline of 25.6 per cent. As the increase in retail prices has been of a moderate character during the last 12 months, the index of sales by retail and wholesale outlets are suggestive of the considerable increase in the volume of goods distributed to consumers. The index of retail sales rose from 143 to 160, a gain of 12 per cent, while wholesale sales in January were 19 per cent above the levels of the same month one year ago.

Despite the financial assistance granted to a number of countries, the export trade in the first two months of the year receded to a considerable lower level than in the same period of 1945. The reduction in the export of war supplies has not been counterbalanced by increases in goods for civilian consumption. The total in the first two months of 1946 was $346 million, a decline of 27 per cent from the same period of last year. Minor change, on the other hand, was shown in imports leading to a considerable reduction in the active balance of trade. The net export of non-monetary gold recorded an increase from $17.1 million to $18.8 million.

The expenditures of the Dominion Government during the first 11 months of the fiscal year ended March 31, were $3,515 million compared with $4,270 million in the same period of the preceeding year. A marked reduction was shown in war expenditures which were $1,667 million in the recent fiscal year, a decline of 43.4 per cent, while increases were recorded in ordinary expenditures and in the United Nations Mutual Aid. The marked decline in war expenditures led to a considerable reduction in the grand total. As government expenditures are now showing a downward trend, the burden of maintaining a high level of production falls upon other classes of expenditures including construction, the production of plant and equipment, as well as the expenditures of the people of other countries in the form of exports.

Purchasing Power

The main item in the purchasing power of the Dominion is the sum of the salaries and wages received from participation in the productive process. An index of the aggregate weekly payrolls showed a decline of 10.5 per cent in the first two months of the present year from the same period of 1945. The average weekly earnings and the volume of employment also showed reduction during the 12-month period. The index of employment dropped 6.8 per cent, while the average earnings were only one-half per cent lower. The decline in employment was confined largely to the manufactures group. Advances were shown in logging, communication, transport, services, trade and finance. The increase in the communication group was 15.2 per cent and considerable gains were shown in the other lines.

Dividends declared in the first two months of the year rose 15.4 per cent, the total according to an unofficial source having been $35.3 million. The interest paid on the outstanding debt of the Dominion Government from April to February amounted to $343 million, an increase of 25.7 per cent. The index of bond yields an important consideration of investors dropped from 96.6 in 1945 to 87.9 in the first two months of the present year, a decline of 9 per cent.

Production

Mineral production was uneven in the early months of the year compared with the same period of 1945. The index of employment was slightly higher at 149.9 compared with 148.9. Gold receipts at the Mint during the first two months rose 8.1 per cent, the total this year having been 476,872 fine ounces. Coal production showed considerable revival, the tonnage rising more than 8 per cent. Declines of considerable proportions were shown in the production of copper, nickel, and zinc, while lead production was about one-third greater. The statistics for the base metals are available for the first month of the year only.

Employment in manufacturing showed a reduction of 15.3 per cent from the early months of 1945. The industries showing advances in production included flour milling, tobacco, boots and shoes, textiles and newsprint. Declines on the other hand were shown in the meat-packing and dairy industries. The drop in coke production was 7.6 per cent. An important advance was recorded in newsprint production. The total rose from 504,000 tons to 637,000.

The operations of the railways were slightly greater in regard to the tonnage carried and the number of cars loaded. The gross revenue of the C.N.R. recorded a decline of 4.3 per cent in January, while the gross revenue of the C.P.R. was 3.1 per cent lower.

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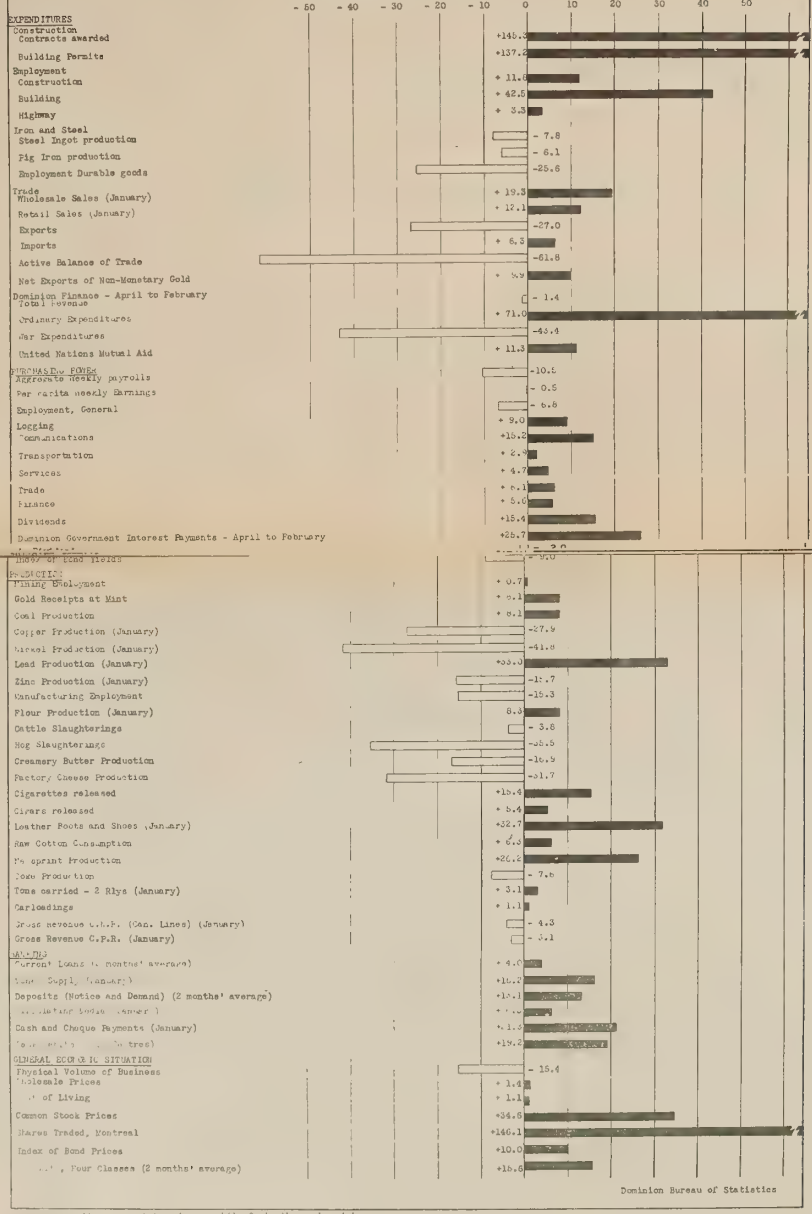
Minister of Trade and Commerce

THE ECONOMIC SITUATION IN CANADA
for the first two months of 1946 as compared with
the same period of last year



Dominion Bureau of Statistics

* [illegible] three items recorded declines, while forty-three showed increases.

Table 1. - Statistics Illustrating the Economic Situation of Canada for the First Two Months of 1946, compared with same period of last year.

	Unit or Base Period	First Two Months 1946	First Two Months 1945	Per cent Increase + Decrease -
EXPENDITURES				
Construction -				
Contracts awarded	$	60,487,445	24,654,400	+ 145.3
Building Permits (58 Municipalities)	$	23,272,224	9,811,447	+ 137.2
Employment - (Unadjusted)	1926=100			
Construction		105.1	94.0	+ 11.8
Building		121.4	85.2	+ 42.5
Highway		106.2	102.8	+ 3.3
Iron and Steel				
Steel Ingot Production	Short Ton	478,516	519,186	- 7.8
Pig Iron Production	Short Ton	286,756	305,456	- 6.1
Employment Durable goods	1926=100	187.4	251.9	- 25.6
Trade				
Wholesale Sales (January)	1935-39=100	217.5	182.3	+ 19.3
Retail Sales (January)	1935-39=100	160.3	143.0	+ 12.1
Exports	$ '000	346,078	474,221	- 27.0
Imports	$ '000	257,306	242,058	+ 6.3
Active Balance of Trade	$ '000	+ 88,772	+ 232,163	- 61.8
Net Exports of Non-Monetary Gold	$ '000,000	18.8	17.1	+ 9.9
Dominion Finance, April to February Total Revenue	$	2,290,844,049	2,323,007,701	- 1.4
Ordinary Expenditures	$	1,078,420,904	630,496,216	+ 71.0
War Expenditures	$	1,667,385,213	2,948,325,371	- 43.4
United Nations Mutual Aid	$	759,241,969	682,135,058	+ 11.3
PURCHASING POWER				
Aggregate Weekly Payrolls June 1, 1941=100 (Nine Groups)		126.7	141.6	- 10.5
Average Weekly Earnings (Nine Groups)	$	31.02	31.18	- 0.5
Employment General	1926=100	167.4	179.6	- 6.8
Logging		340.7	312.6	+ 9.0
Communication		127.2	110.4	+ 15.2
Transportation		123.7	120.2	+ 2.9
Services		208.9	199.5	+ 4.7
Trade		185.7	175.1	+ 6.1
Finance		135.7	128.5	+ 5.6
Divdends	$	35,313,503	30,587,729	+ 15.4
Dominion Government Interest Payments (April to February)	$	343,306,150	273,059,941	+ 25.7
Index of Bond Yields	1935-39=100	87.9	96.6	- 9.0

Table 1. Statistics Illustrating the Economic Situation of Canada for the First Two Months of 1946, compared with the same period of last year. - Concluded.

	Unit or Base Period	First Two Months 1946	First Two Months 1945	Per Cent Increase + Decrease -
PRODUCTION				
Mining Employment	1926=100	149.9	148.9	+ 0.7
Gold Receipts at Mint	Fine ozs.	476,872	441,017	+ 8.1
Coal Production	Tons	3,454,973	3,195,825	+ 8.1
Copper Production (January)	000 lbs.	32,021	44,381	- 27.9
Nickel Production (January)	000 lbs.	13,823	23,770	- 41.8
Lead Production (January)	000 lbs.	34,069	25,624	+ 33.0
Zinc Production (January)	000 lbs.	41,734	49,506	- 15.7
Manufacturing Employment	1926=100	181.1	213.8	- 15.3
Flour Production (January)	Bbls.	2,240,242	2,068,232	+ 8.3
Cattle Slaughterings	No.	341,748	355,403	- 3.8
Hog Slaughterings	No.	851,273	1,319,164	- 35.5
Creamery Butter Production	Lbs.	18,271,275	21,980,885	- 16.9
Factory Cheese Production	Lbs.	3,139,355	4,594,051	- 31.7
Cigarettes Released	No.	2,596,264,940	2,249,747,721	+ 15.4
Cigars Released	No.	36,579,880	34,713,306	+ 5.4
Leather Boots and Shoes (January)	Pairs	3,198,573	2,410,060	+ 32.7
Raw Cotton Consumption	Lbs.	28,364,458	26,671,679	+ 6.3
Newsprint Production	Tons	636,796	504,427	+ 26.2
Coke Production	Short Ton	614,822	665,075	- 7.6
Tons Carried 2 Rlys. (January)	000 Tons	9,379	9,097	+ 3.1
Carloadings	No.	550,546	544,723	+ 1.1
Gross Revenue C.N.R. (Can. Lines) (January)	$	27,317,700	28,546,400	- 4.3
Gross Revenue C.P.R. (January)	$	23,471,804	24,234,515	- 3.1
BANKING				
Current Loans (2 Months average)	$ 000	1,162,487	1,117,430	+ 4.0
Money Supply (January)	$ 000,000	7,059	6,075	+ 16.2
Deposits (Notice and Demand) (2 Months' average)	$ 000	4,992,359	4,415,050	+ 13.1
Circulating Media (January)	$ 000,000	1,027.3	966.8	+ 6.3
Cash and Cheque Payments (January)	$ 000,000	8,591	7,085	+ 21.3
Bank Debits (33 Centres)	$ 000	11,326,575	9,503,505	+ 19.2
GENERAL ECONOMIC SITUATION				
Index of Physical Volume of Business	1935-39=100	188.3	222.7	- 15.4
Wholesale Prices	1935-39=100	135.3	133.4	+ 1.4
Cost of Living	1935-39=100	119.9	118.6	+ 1.1
Index of Common Stock Prices	1935-39=100	122.7	91.1	+ 34.6
Index of Shares Traded, Montreal	1935-39=100	245.6	99.8	+ 146.1
Index of Bond Prices	1935-39=100	113.7	103.4	+ 10.0
Deposits Four Classes (2 Months' average) (Dom.Prov. Demand and Notice)	$000	5,820,195	5,035,129	+ 15.6

Twenty three items recorded declines, while forty three showed increases.

11-D-01

...ECONOMETRICS FILE "E"

Published by Authority of the Hon. James A. MacKINNON, M.P.,
Minister of Trade and Commerce

CANADA

DEPARTMENT OF TRADE AND COMMERCE

DOMINION BUREAU OF STATISTICS

BUSINESS STATISTICS BRANCH

ECONOMIC CONDITIONS IN CANADA

DURING THE FIRST QUARTER OF 1946

OTTAWA
1946

Price 25 cents

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3-4030
March, 1946
Volume 13 Number 3.

Dominion Statistician: Herbert Marshall, B.A., F.S.S.
Chief, Business Statistics Branch: Sydney B. Smith, M.A.

ECONOMIC CONDITIONS IN CANADA DURING THE FIRST QUARTER OF 1946 COMPARED WITH THE SAME PERIOD OF THE PRECEDING YEAR

The average of six major factors indicating the trend of economic conditions was at a higher level in the first quarter than in any other period. A considerable advance was shown in speculative factors, the index of common stock prices averaging 121.5 against 91.8 in the same period of last year. The index of shares traded was also at a considerably higher position. The trend of bond prices was in an upward direction, an index constructed by taking the reciprocal of the index of bond yields rising from 103.6 in the first quarter of last year to 115.6.

The index of bank deposits with the chartered banks during the first two months of the year was 15.6 p.c. greater than in the same period of 1945. While productive operations were at a considerably higher level in March than in February, the index of the physical volume of business in the first quarter was lower than in the same period of last year.

Demand:

The prosperity of Canada depends in large measure upon commitments of different kinds. Expenditures by Canadians, or by people of other countries as in the case of exports, may be considered as generating influences.

An outstanding development during the first quarter was the high level of new business obtained by the construction industry. The total of contracts was about 167 p.c. greater than in the same period of last year. Building permits recorded an increase of even greater proportions. Although the index of employment in building construction rose 43 p.c., considerable delay in the filling of contracts is indicated. The lack of materials is regarded as the chief delaying factor. Building permits in 58 municipalities amounted to nearly $48 million in the first quarter against $17.7 million one year ago. The amount of contracts awarded rose from $44 million to $118 million. The marked advance in the new business obtained by the industry indicates a period of pronounced activity in construction operations during future months.

The primary iron and steel industry made an excellent showing in the first quarter of the present year despite the elimination of war demand. The production of steel ingots and castings was only 8.7 p.c. less than in the first quarter of 1945, while pig iron production showed a decline of 5.6 p.c. The index of employment in industries engaged in the production of durable goods, including munitions and producers' equipment, showed a decline of 25 p.c., the index on the base of 1926 having been 188 in the first quarter.

The upward trend of commodity distribution continued in the first two months of the year. Retail sales averaged 13 p.c. greater than in the same period of 1945. Wholesale sales in the first two months recorded an even greater percentage increase, the index rising from 180 to 214.

Uneven tendencies developed in the external trade of the Dominion. The export trade during the first quarter showed a decline of about 7 p.c. from the high level of 1945. The total was $728 million against $781 million in the same period of last year. Imports, on the other hand, showed an increase of 18.8 p.c., the total

in the present quarter having been $445 million. The active balance of trade, excluding exports of non-monetary gold, consequently showed a considerable decline. The difference between the exports and imports was reduced to $283 million against $407 million in the same period of 1945, a decline of 30.5 p.c. The increase in the net exports of non-monetary gold was 5.5 p.c., the total in the first quarter having been $28.8 million.

Increases were shown in the ordinary expenditures of the Dominion government as well as in the amount dispersed on the account of United Nations Mutual Aid during the first eleven months of the last fiscal year. Ordinary expenditures rose 71 p.c. to $1,078 million, while Mutual Aid rose more than 11 p.c. to $759 million. The decline in war expenditures was more than 43 p.c., the amount during the period having been $1,667 million.

Purchasing Power:

The most important element in the receipt of purchasing power is the remuneration obtained by employees in the form of salaries and wages. The index of aggregate weekly payrolls receded 9.3 p.c. in the first quarter of 1946 against the same period of last year. The decline in the remuneration reflected recessions in the average earnings as well as in the number of employees at work. The average weekly earnings were $31.53 against an average of $31.72 in the first three reporting periods of 1945. The index of general employment on the base of 1926 receded from 179.2 to 167.3, a drop of 6.6 p.c. Increases were shown in six main industries including logging, communication, transportation, service, trade and finance. An important decline was shown in the levels of employment in manufacturing plants reflecting the cessation of war production.

A slight decline was recorded in the payment of dividends during the first quarter of 1946. According to an unofficial source, the decline was 2 p.c. to $167.0 million. The interest payments of the Dominion Government in the first eleven months of the last fiscal year were $543 million, an increase of 25.7 p.c. over the same period of the preceding year. The index of bond yields receded from 96.5 to 86.6, a decline of 10.3 p.c.

Production:

The index of the physical volume of business was 191.4 in March compared with 181.2 in the preceding month, the standing in January having been 185.4. The average for the three months, consequently, was 189.7 against 223.8 in the first quarter of 1945.

The index of employment in the mining industry averaged nearly 1 p.c. greater in the first quarter of 1946. Gold receipts at the Mint rose 6.7 p.c. to 709,748 fine ounces, indicating a considerable recovery in the operations of the gold mining industry. The increase in coal production at slightly more than 5 million tons was about 8 p.c. Base metal operations were uneven during the first two months of the year, an increase having been shown in the output of lead which moved up from 50.2 million pounds to 64.5 million, a gain of 28.6 p.c. Declines were shown in the output of copper, nickel and zinc. Copper production was 60.3 million pounds against 84.3 million, while the reduction in the output of zinc was from 94 million pounds to 81.5 million.

The lower level of the labour force engaged in manufacturing plants suggested a reduced level of output. The index of employment for the first three months of the year receded more than 15 p.c. to 181.7. An increase of 10.7 p.c. was shown in the output of flour during the first two months of the year, the

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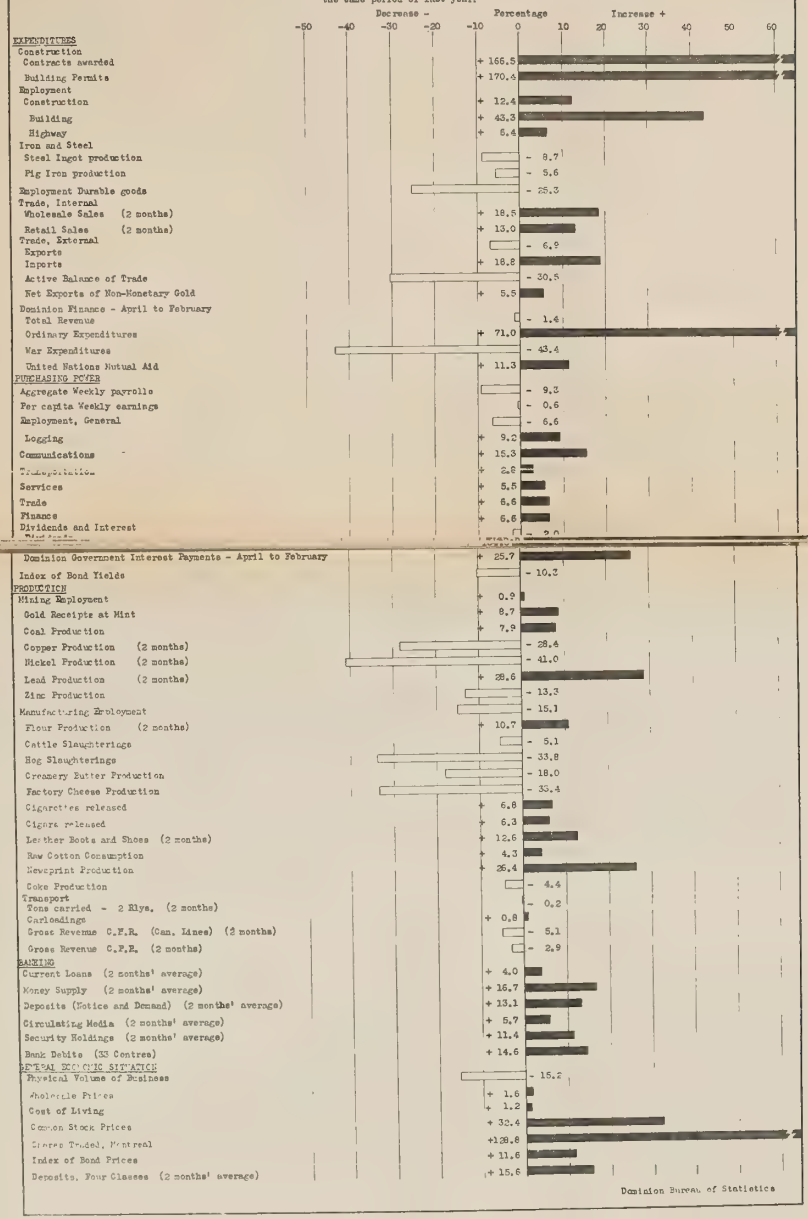
THE ECONOMIC SITUATION IN CANADA

For the first Quarter of 1946 as compared with the same period of last year.



[illegible] items reported declines while forty-one showed increases.

production being 4,386,000 barrels against 3,961,000. Cattle and especially hog slaughterings were at lower levels than in the first quarter of 1945, indicating a lower level of activity in the meat packing industry. The decline in the production of creamery butter and factory cheese was 18.0 p.c. and 33.4 p.c., respectively.

The operations of the tobacco industry recorded further advance as measured by the release of cigarettes and cigars. The cigarettes made available for consumption numbered 3,564 million against 3,338 million. The increase in the release of cigarettes and cigars was 6.8 p.c. and 6.3 p.c., respectively.

The boot and shoe industry was particularly active during the first two months of the present year, the output showing a gain of 12.6 p.c. over the same period of 1945. Moderate betterment was shown in the operations of the cotton textile industry, the consumption of raw cotton having risen 4.3 p.c. The operating levels of the newsprint industry were greatly expanded during the first quarter of the present year. The output at 971,000 tons was 26 p.c. greater than in the same period of 1945.

The movement of freight was not greatly changed in the first quarter of the present year. Carloadings recorded an increase of 0.8 p.c., while the tons carried on two railways during the first two months showed a recession of 0.2 p.c. The gross revenue of the Canadian National Railway on Canadian lines during the first two months receded 5.1 p.c., while the gross revenue of the Canadian Pacific Railway was 2.9 p.c. less.

Banking:

The money supply, including deposits subject to cheque, notes and coin in the hands of the public,rose 16.7 p.c. in the early months of the year over the same period of 1945. The total was $7,092 million against $6,079 million. The increase in notice and demand deposits over the first two months of 1945 was 13 p.c. Notes and coin in the hands of the public, amounting to $1,033 million, were nearly 6 p.c. greater than one year ago. The security holdings of the banks were $4,110 million against $3,688 million. Cheques cashed in 33 centres averaged 14.6 p.c. greater than in the first quarter of 1945.

Table 1. - Statistics Illustrating the Economic Situation of Canada for the First Quarter of 1946, compared with the same period of last year.

	Unit or Base Period	First Quarter 1946	First Quarter 1945	Per cent Increase + Decrease -
EXPENDITURES				
Construction -				
Contracts awarded	$	118,085,545	44,305,800	+ 166.5
Building Permits (58 Municipalities)	$	47,929,047	17,725,381	+ 170.4
Employment - (Unadjusted)	1926=100			
Construction		103.9	92.4	+ 12.4
Building		120.4	84.0	+ 43.3
Highway		102.8	96.6	+ 6.4
Iron and Steel -				
Steel Ingot Production	Short Ton	727,633	796,647	- 8.7
Pig Iron Production	Short Ton	444,905	471,273	- 5.6
Employment Durable goods	1926=100	188.3	252.0	- 25.3
Trade				
Wholesale Sales (2 months)	1935-39=100	213.8	180.4	+ 18.5
Retail Sales (2 months)	1935-39=100	163.6	144.8	+ 13.0
Exports	$ '000	727,633	781,231	- 6.9
Imports	$ '000	444,905	374,544	+ 18.8
Active Balance of Trade	$ '000	+ 282,728	+ 406,687	- 30.5
Net Exports of Non-Monetary Gold.	$ '000,000	28.8	27.3	+ 5.5
Dominion Finance, April to February - Total Revenue	$	2,290,844,049	2,323,007,701	- 1.4
Ordinary Expenditures	$	1,078,420,904	630,496,216	+ 71.0
War Expenditures	$	1,667,385,213	2,948,325,371	- 43.4
United Nations Mutual Aid	$	759,241,969	682,135,058	+ 11.3
PURCHASING POWER				
Aggregate Weekly Payrolls June 1, 1941=100 (Nine Groups) .		130.3	143.7	- 9.3
Average Weekly Earnings (Nine Groups)	$	31.53	31.72	- 0.6
Employment General	1926=100	167.3	179.2	- 6.6
Logging		340.3	311.7	+ 9.2
Communication		127.6	110.7	+ 15.3
Transportation		122.9	119.5	+ 2.8
Services		210.3	199.4	+ 5.5
Trade		183.8	172.4	+ 6.6
Finance		137.1	128.6	+ 6.6
Dividends	$	67,046,794	68,381,237	- 2.0
Dominion Government Interest Payments (April to February) ...	$	343,306,150	273,059,941	+ 25.7
Index of Bond Yields	1935-39=100	86.6	96.5	- 10.3

Table 1. - Statistics Illustrating the Economic Situation of Canada for the First Quarter of 1946, compared with the same period of last year. Concluded.

	Unit or Base Period	First Quarter 1946	First Quarter 1945	Per cent Increase + Decrease -
PRODUCTION				
Mining Employment	1926=100	150.9	149.5	+ 0.9
Gold Receipts at Mint	Fine ozs.	709,748	652,974	+ 8.7
Coal Production	Tons	5,031,758	4,665,223	+ 7.9
Copper Production (2 months) ..	'000 lbs.	60,320	84,284	- 28.4
Nickel Production (2 months) ..	'000 lbs.	26,273	44,495	- 41.0
Lead Production (2 months) ..	'000 lbs.	64,546	50,202	+ 28.6
Zinc Production (2 months) ..	'000 lbs.	81,518	94,027	- 13.3
Manufacturing Employment	1926=100	181.7	214.0	- 15.1
Flour Production (2 months) ..	Bbls.	4,385,917	3,960,667	+ 10.7
Cattle Slaughterings	No.	525,286	553,540	- 5.1
Hog Slaughterings	No.	1,270,724	1,920,481	- 33.8
Creamery Butter Production	Lbs.	30,084,449	36,673,629	- 18.0
Factory Cheese Production	Lbs.	5,652,684	8,488,810	- 33.4
Cigarettes Released	No.	3,563,692,225	3,337,579,349	+ 6.8
Cigars Released	No.	56,719,198	53,379,931	+ 6.3
Leather Boots and Shoes(2 months)	Pairs	5,601,142	4,974,869	+ 12.6
Raw Cotton Consumption	Lbs.	43,444,225	41,659,657	+ 4.3
Newsprint Production	Tons	970,923	768,203	+ 26.4
Coke Production	Short Ton	953,107	996,868	- 4.4
Transport				
Tons Carried 2 Rlys (2 months)	'000 Tons	18,175	18,203	- 0.2
Carloadings	No.	852,936	846,086	+ 0.8
Gross Revenue C.N.R. (Can. Lines) (2 months)	$	52,817,200	55,635,400	- 5.1
Gross Revenue C.P.R. (2 months)	$	46,198,752	47,570,425	- 2.9
BANKING				
Current Loans (2 months' average).	$ '000	1,162,487	1,117,430	+ 4.0
Money Supply (2 months' average).	$ '000,000	7,092	6,079	+ 16.7
Deposits (Notice and Demand) (2 months' average)	$ '000	4,992,359	4,415,050	+ 13.1
Circulating Media (2 mos. average)	$ '000,000	1,032.8	976.8	+ 5.7
Security Holdings (2 mos. average)	$ '000	4,109,572	3,687,680	+ 11.4
Bank Debits (33 Centres)	$ '000	17,004,746	14,832,463	+ 14.6
GENERAL ECONOMIC SITUATION				
Index of Physical Volume of Business	1935-39=100	189.7	223.6	- 15.2
Wholesale Prices	1935-39=100	135.6	133.5	+ 1.6
Cost of Living	1935-39=100	120.0	118.6	+ 1.2
Index of Common Stock Prices ...	1935-39=100	121.5	91.8	+ 32.4
Index of Shares Traded, Montreal .	1935-39=100	235.4	102.9	+ 128.8
Index of Bond Prices	1935-39=100	115.6	103.6	+ 11.6
Deposits, Four Classes (2 months' average) (Dom. Prov. Demand and Notice)	$ '000	5,820,195	5,035,129	+ 15.6

Twenty-five items recorded declines, while forty-one showed increases.

11-D-01

BAROMETRICS FILE "F"
DEPT. OF POLITICAL
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CANADA

DEPARTMENT OF TRADE AND COMMERCE

DOMINION BUREAU OF STATISTICS

BUSINESS STATISTICS BRANCH

ECONOMIC CONDITIONS IN CANADA

DURING THE FIRST HALF OF 1946

OTTAWA
1946

Price 25 cents

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Dominion Statistician: Herbert Marshall, O.B.E., B.A., F.S.S.
Chief, Business Statistics Branch: Sydney B. Smith, M.A.

ECONOMIC CONDITIONS IN CANADA DURING THE FIRST HALF OF 1946 COMPARED WITH THE SAME PERIOD OF THE PRECEDING YEAR

The first half of this year was memorable for marked economic changes. Interest centred on problems of reconstruction scarcely less difficult than of the war period. The ultimate purpose of the Canadian economy in wartime was to direct the available resources to the production of goods and services necessary for the successful conduct of operations against the enemy. The aim was to achieve a maximum output of war goods and services. Consequently, drastic change in the objective of economic activity was needed upon the termination of hostilities.

The recession in production in evidence during the later part of 1945 became more pronounced in the first half of the present year. General indexes of business and production dropped to a lower position than in the first half of 1945. Employment measured by returns from concerns employing fifteen persons or more was about five per cent lower and labour engaged in manufacturing plants declined by 13.6 per cent.

The advance in price indexes was fairly general despite the retention of controls. Demand for many classes of commodities was intense, accentuated by short supply against a background of adequate purchasing power. The index of wholesale prices averaged 3.4 per cent higher than in the first half of 1945 and the cost of living rose 1.9 per cent. More recently advance in commodity prices has been quickened.

The price change in the field of stocks and bonds was of greater extent. The stock index was 29.5 per cent higher and the index of Dominion bond prices rose 12.3 per cent. The money supply consisting of deposits subject to cheque, bank notes and coin in the hands of the public was 12.5 per cent greater than the high level of the first half of 1945.

The operations of the primary iron and steel industry largely dependent on orders from munition factories and the producers of durable goods, were not greatly checked in the first half of the year. The production of pig iron and of steel ingots and castings showed declines of 7 per cent and 9 per cent, respectively. The output of steel was nearly 1,450,000 tons during the period under review. The discontinuance of the production of war supplies was most apparent in the more inclusive group of industries producing durable goods. The number employed in such industries averaged nearly 24 per cent less in the first six months of this year.

Private industry was forced to scale down its original optimistic development plans for the present year, but still will spend nearly a billion dollars, 20 per cent more than in 1945. The original plans provided for a total investment of $1,200 million but shortages of labour, coal, steel and building materials is preventing firms from fully implementing the projects in the way of construction, plant improvement and installation of new equipment. The survey of investment intentions is distributed by the following industrial sectors - Manufacturing, $400 million; Mining, $25 million; Forestry, $10 million; Central Electric Stations, $75 million; Telephones, $50 million; and Transportation, $140 million. The miscellaneous

group including residential, institutional, commercial and farm construction in addition would amount to $500 million. The capital expansion during 1946 will go a considerable way toward compensating for the decline in governmental spending which has taken place since the end of the war.

Construction: -

The placement of construction contracts was nearly twice as great in the half year as in the same period of 1945. The increase in awards to be exact was 94.9 per cent. Contracts for residences at $104 million compared with $89.6 million recorded an increase far less than in other main classes. The proportion to total contracts, consequently, dropped from 51 per cent in 1945 to 30.4 per cent in the first half of this year. The contracts for apartments which had been $3.4 million one year ago showed an increase of 120 per cent. Thus, total residential contracts at $111.6 million were 32.6 per cent of the total in the first half year compared with 52.9 per cent in 1945.

New contracts for business and institutional buildings were 138 per cent greater, while industrial and engineering contracts rose 173 per cent and 313 per cent. respectively. Public buildings were contracted for in lesser amount, the drop having been from $2,963,000 to $1,667,000. The new business placed for each of the other seventeen classes of construction recorded increases in this comparison.

Railways: -

Railway traffic which had been larger during the later years of the war than at any previous time receded slightly in the first six months of the present year. Revenue cars loaded at 1,732,000 were only 2.2 per cent less than in the first half of 1945.

The increase in the movement of pulpwood, pulp and paper was outstanding, ranging from 22 per cent to 23 per cent. Traffic in logs, lumber, lath and shingles was not changed appreciably, while other forest products were 13 per cent greater.

Grain loadings dropped nearly 36 per cent to 148,715 cars reflecting the marked reduction in stocks of wheat. Grain products were moved in greater volume. The movement of implements, tractors and fertilizers was speeded up to satisfy delayed demands of farmers. Non-metallic structural materials, including sand, stone, gravel, etc., showed an increase of nearly 24 per cent. The movement of coal was 2.8 per cent greater, and gasoline, petroleum oils and products recorded a gain of more than 10 per cent. Merchandise in less than carlots, consisting mainly of manufactured goods, amounted to 432,754 cars against 388,319, an increase of 11.4 per cent.

Exports: -

The first half of 1946 was a period of unusual activity in world trade. At the year's beginning, the effect of war on external trade was completing one stage of a cycle and moving into the next. Relief shipments of food and clothing were replacing shipments of munitions which were already down to nearly normal peace-time levels. During the second quarter, evidence of the third stage, reconstruction, began to appear. Shipments of farm and industrial machinery and manufactured consumers' goods increased in importance.

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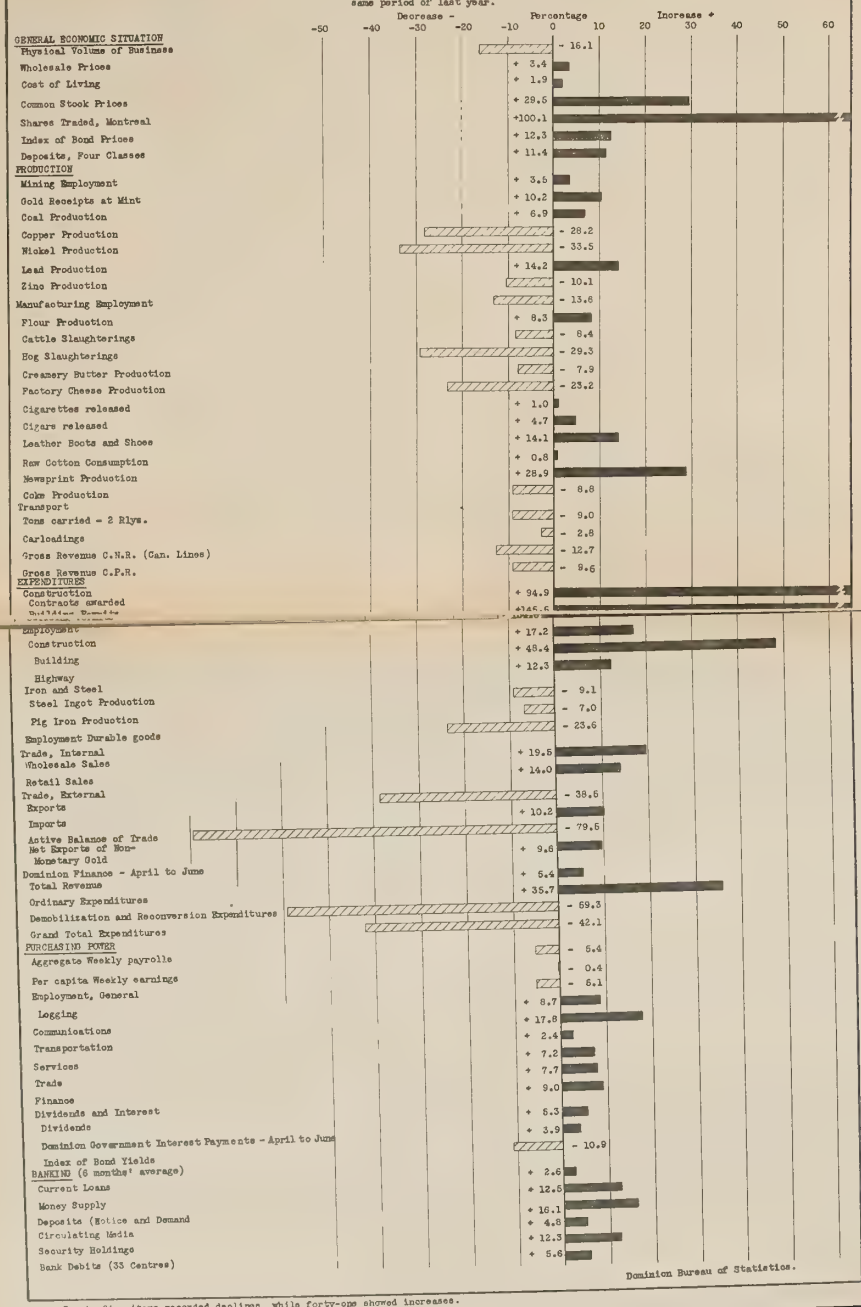
Minister of Trade and Commerce

THE ECONOMIC SITUATION IN CANADA

For the first Six Months of 1946 as compared with the same period of last year.



Dominion Bureau of Statistics.

Twenty-five items recorded declines, while forty-one showed increases.

During the half year, exports of Canadian goods were 38 per cent less than in the same period of 1945. Outward shipments to South Africa rose 69 per cent but important declines were shown in the export trade to India, Newfoundland, Austrialia and New Zealand. The movement of Canadian goods to the United Kingdom was 54 per cent less. A number of the liberated countries of Europe became more important as a market for Canadian products. Norway, Belgium, the Netherlands, Poland and Czechoslovakia may be mentioned in this connection. The trade with China increased 468 per cent, while the value of shipments to Egypt declined nearly 77 per cent. The drop in export trade to the United States at 35.9 per cent was relatively less than in the total to all countries.

Each of the main groups in the component-material classification except "wood and paper" showed decline in the first half of 1946 from the same period of last year. The value of newsprint was 47 per cent greater and the outward shipment of pulp and pulpwood was at a considerably higher level. Despite the decline in the Iron group, an interesting development was the increase in the export of farm implements and engines and boilers. Exports of lead and zinc were greater, contrasting with declines in copper and nickel.

Exports of wheat dropped 17.8 per cent to $124 million, while the gain in wheat flour was 18 per cent at $60 million. Bacon showed a decline of 43.5 per cent and important increases were recorded in fish and furs.

Prices: -

The advance in wholesale prices was fairly general throughout the different economic groups. Three of the eight groups in the component-material classification showed increases greater than the general index number. The average of the latter was 3.8 per cent greater during the first six months of 1946 than in the same period of 1945. The three groups of non-ferrous metals, wood and paper and iron and its products showed increases of 8.4 per cent, 6.0 per cent and 5.4 per cent, respectively. Chemicals and non-metallics, on the other hand, receded to lower levels after the end of the war. The other groups of vegetable products, animal products and textiles, showed increases relatively less than the general index.

Price indexes of materials used by producers were consistently higher. Building and manufacturers' materials averaged 4.1 per cent greater in the first half of this year. Important advances occurred in commodities of forest origin, the manufactured commodities in this line rising no less than 11.3 per cent. Manufactured goods of animal origin rose 4.1 per cent, while raw marine products were 6.3 per cent higher.

Table 1. - Statistics Illustrating the Economic Situation of Canada for the First Six Months of 1946, compared with the same period of last year.

	Unit or Base Period	First Six Months 1946	First Six Months 1945	Per Cent Increase + Decrease -
GENERAL ECONOMIC SITUATION				
Index of Physical Volume of Business	1935-39=100	187.5	223.5	- 16.1
Wholesale Prices	1935-39=100	138.6	134.0	+ 3.4
Cost of Living	1935-39=100	121.1	118.9	+ 1.9
Index of Common Stock Prices	1935-39=100	122.9	94.9	+ 29.5
Index of Shares Traded, Montreal	1935-39=100	216.5	108.2	+ 100.1
Index of Bond Prices	1935-39=100	116.8	104.0	+ 12.3
Deposits, Four Classes (6 months' average) (Dom. Prov. Demand and Notice)	$ '000	5,826,185	5,229,005	+ 11.4
PRODUCTION				
Mining Employment	1926=100	153.3	148.1	+ 3.5
Gold Receipts at Mint	Fine ozs.	1,404,776	1,274,434	+ 10.2
Coal Production	Tons	9,050,399	8,462,577	+ 6.9
Copper Production	'000 lbs.	185,829	258,715	- 28.2
Nickel Production	'000 lbs.	90,353	135,800	- 33.5
Lead Production	'000 lbs.	187,676	164,275	+ 14.2
Zinc Production	'000 lbs.	246,237	274,006	- 10.1
Manufacturing Employment	1926=100	183.5	212.4	- 13.6
Flour Production	Bbls.	13,523,249	12,489,078	+ 8.3
Cattle Slaughterings	No.	1,068,377	1,165,863	- 8.4
Hog Slaughterings	No.	2,356,335	3,332,717	- 29.3
Creamery Butter Production	Lbs.	123,551,525	134,078,735	- 7.9
Factory Cheese Production	Lbs.	56,387,194	73,379,645	- 23.2
Cigarettes Released	No.	6,951,770,173	6,883,647,738	+ 1.0
Cigars Released	No.	111,051,877	106,027,317	+ 4.7
Leather Boots and Shoes	Pairs	18,128,672	15,882,000	+ 14.1
Raw Cotton Consumption	Lbs.	81,861,010	81,217,945	+ 0.8
Newsprint Production	Tons	2,002,935	1,553,513	+ 28.9
Coke Production	Short Ton	1,804,555	1,979,359	- 8.8
Transport				
Tons Carried 2 Railways	'000 Tons	54,941	60,355	- 9.0
Carloadings	No.	1,722,355	1,771,210	- 2.8
Gross Revenue C.N.R. (Can. Lines)	$	164,443,200	188,421,300	- 12.7
Gross Revenue C.P.R.	$	140,349,473	155,263,935	- 9.6
EXPENDITURES				
Construction -				
Contracts awarded	$	342,605,500	175,748,300	+ 94.9
Building Permits (58 Municipalities)	$	140,050,011	57,035,852	+ 145.5
Employment - (Unadjusted)	1926=100			
Construction		110.6	94.4	+ 17.2
Building		126.4	85.2	+ 48.4
Highway		120.0	106.9	+ 12.3
Iron and Steel -				
Steel Ingot Production	Short Ton	1,449,639	1,595,618	- 9.1
Pig Iron Production	Short Ton	876,023	941,963	- 7.0
Employment Durable goods	1926=100	190.8	249.7	- 23.6

Table 1. - Statistics Illustrating the Economic Situation of Canada for the First Six Months of 1946, compared with the same period of last year - Concluded

	Unit or Base Period	First Six Months 1946	First Six Months 1945	Per Cent Increase + Decrease -
EXPENDITURES - Concluded				
Trade				
Wholesale Sales	1935-39=100	233.6	195.4	+ 19.5
Retail Sales	1935-39=100	197.1	172.9	+ 14.0
Exports	$ '000	1,073,922	1,745,210	- 38.5
Imports	$ '000	879,875	798,695	+ 10.2
Active Balance of Trade	$ '000	+ 194,047	+ 946,515	- 79.5
Net Exports of Non-Monetary Gold	$ '000,000	53.7	49.0	+ 9.6
Dominion Finance, April to June - Total Revenue	$	684,253,153	649,076,017	+ 5.4
Ordinary Expenditures	$	261,643,369	192,752,544	+ 35.7
Demobilitation and Reconversion Expenditures	$	358,482,332	880,717,792	- 59.3
United Nations Mutual Aid ..	$	-	350,142,860	-
Grand Total Expenditures	$	622,352,811	1,075,127,692	- 42.1
PURCHASING POWER				
Aggregate Weekly Payrolls June 1, 1941=100 (Nine Groups)		135.9	143.7	- 5.4
Average Weekly Earnings (Nine Groups)	$	31.85	31.99	- 0.4
Employment General	1926=100	168.4	177.5	- 5.1
Logging		291.6	268.3	+ 8.7
Communication		132.0	112.1	+ 17.8
Transportation		124.5	121.6	+ 2.4
Services		215.2	200.7	+ 7.2
Trade		185.2	172.0	+ 7.7
Finance		140.3	128.7	+ 9.0
Dividends	$	151,834,350	144,257,424	+ 5.3
Dominion Government Interest - Payments (April to June) ..	$	96,722,239	93,103,439	+ 3.9
Index of Bond Yields	1935-39=100	85.7	96.2	- 10.9
BANKING (6 months' average)				
Current Loans	$ '000	1,143,266	1,113,813	+ 2.6
Money Supply	$ '000,000	7,090	6,304	+ 12.5
Deposits (Notice and Demand)	$ '000	5,263,774	4,532,632	+ 16.1
Circulating Media	$ '000,000	1,051.6	1,003.5	+ 4.8
Security Holdings	$ '000	4,206,190	3,746,882	+ 12.3
Bank Debits (33 Centres) ...	$ '000	34,504,468	32,667,134	+ 5.6

Twenty-five items recorded declines, while forty-one showed increases.

11-D-01

BAROMETRICS FILE 'E'
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Minister of Trade and Commerce

CANADA

DEPARTMENT OF TRADE AND COMMERCE

DOMINION BUREAU OF STATISTICS

BUSINESS STATISTICS BRANCH

ECONOMIC CONDITIONS IN CANADA

DURING THE FIRST SEVEN MONTHS OF 1946

OTTAWA
1946

Price 25 cents

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DOMINION BUREAU OF STATISTICS - OTTAWA
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3-40-30
July, 1946
Volume 13 Number 7.

Dominion Statistician: Herbert Marshall, O.B.E., B.A., F.S.S.
Chief, Business Statistics Branch: Sydney B. Smith, M.A.

ECONOMIC CONDITIONS IN CANADA DURING THE FIRST SEVEN MONTHS OF 1946 COMPARED WITH THE SAME PERIOD OF THE PRECEDING YEAR

A majority of the representative factors indicating the trend of economic conditions rose to a higher position during the first seven months of 1946 than during the same period of the preceding year. The index of wholesale prices rose 3.6 per cent to a new high point since the early 1920's. A moderate increase was also shown in the index of the cost of living which averaged slightly more than 2 per cent higher than in the first seven months of 1945. The index of bond prices based upon a Dominion issue rose 12.2 per cent from 104.2 to 116.9. The sum of the four classes of deposits averaged $5.8 billion during the first seven months of the present year, an increase of 11.5 per cent. Due mainly to the discontinuance of war production, productive activity was at a somewhat lower level than in the early part of last year. The index of the physical volume of business was 16 per cent lower.

Considerable adversity was shown in the fluctuation in factors indicating the production levels of mining, manufacturing and transport. An advance was shown in the operations of the gold mining industry. Gold receipts at the Mint at 1.6 million fine ounces were nearly 10 per cent greater than in the same period of 1945. The increase in coal production was 6.5 per cent, the output during the first seven months having been 10.2 million tons. Lead production during the first six months was more than 14 per cent greater, while declines were shown in the output of copper, nickel and zinc. The index of the number of employees in the mining industry averaged 4.3 per cent greater. The index on the base of 1926 was 154.2 against 147.8.

A number of the manufacturing industries showed an increase in production during the first seven months of the present year, especially in activities concerned with non-durable goods. Wheat flour production rose to 13.5 million barrels, an increase of 8.3 per cent. The meat-packing industry was less active than in the first seven months of 1945, considerable decline having been shown in hog slaughterings. The output of factory cheese was 21 per cent less, while the decline in creamery butter production was nearly 7 per cent. The output of cheese and butter during the first seven months was 81.9 and 164.4 million pounds, respectively. The operations of the tobacco industry according to releases from bond was more active this year. Cigarettes made available numbered 8,131 million as compared with 7,980 million. The increase in the release of cigars was 5.3 per cent.

The output of leather boots and shoes during the first six months was 14 per cent greater than in the same period of last year. The total was 18.1 million pairs against 15.9 million. Despite the strike situation the cotton industry was slightly more active this year. The raw cotton opened for consumption was 92.0 million pounds against 91.8 million. The activity of the wood and paper group showed marked acceleration since the first of the year. The production of newsprint rose 30 per cent to 2.4 million tons. Coke production dropped from 2.3 million tons to slightly more than 2 million, a decline of 13 per cent.

A recession was shown in the railway freight traffic in the first seven months of this year. The decline in the tonnage was greater than in the number of cars loaded. Tons of freight loaded by the railways declined from 59.9 million tons to 55.2 million, a drop of 7.8 per cent. Carloadings in the same comparison receded from 2,076,760 to 2,026,858, a decline of 2.4 per cent. The decline in the revenue of each of the two main railways was relatively greater than the decline in the traffic. The gross revenue on the internal lines of the Canadian National receded 13 per cent to $194.6 million. The revenue of the Canadian Pacific dropped 10.8 per cent to $164.6 million.

The new business obtained by the construction industry recorded a marked advance in the first seven months of the present year reflecting the demand for housing and other classes of buildings. The increase in contracts awarded was more than 81 per cent to $410.3 million. Building permits in fifty-eight municipalities showed an even greater relative increase at 134.8 per cent. The total in the first seven months of the present year was $167.3 million. While shortage of raw materials and skilled labour retarded actual operations on these contracts, the indexes of employment indicated a considerable expansion. The general index number for the industry rose 18.6 per cent to 115.0. The employment in the building section rose nearly 50 per cent, while highway construction was 14.4 per cent greater.

The operations of the iron and steel industry are indicative of the production of munitions and durable goods. The activity in primary iron and steel was curtailed by the recent strikes. The output of steel ingots and castings was 1,585,[illegible] tons against 1,824,779. The decline was 13.1 per cent, a drop of 13.9 per cent having been shown in the output of pig iron. An index of employment in plants engaged in the production of durable goods showed a decline of nearly 23 per cent. The index on the base of 1926 averaged 191.5 against 248.5 in the preceding year.

Canadian production is dependent to a large extent upon the demand for consumer's goods in the internal market and upon the export trade. Retail sales rose 14 per cent in the first six months over the same period of 1945. The index on the base of 1935-39 rose from 17[illegible].9 to 19[illegible]. The index of wholesale sales showed a somewhat greater increase at 19.5 per cent. Considerable decline was shown in exports during the first seven months of the present year. The total was $1,265 million against $2,031 million, a drop of 37.7 per cent. Imports on the other hand, showed an increase of 11 per cent. The total in the first seven months was $1,041 million. The active balance of trade consequently dropped sharply in this comparison. Net exports of non-monetary gold, on the other hand, showed an increase of 5.8 per cent.

The grand total expenditures of the Dominion government from April to July of the present fiscal year dropped nearly 45 per cent as compared with the same period of 1945. The total was $81[illegible],229,995 against $1,472,920,008. Ordinary expenditures were at a higher level while the demobilization and reconversion expenditures dropped sharply. Disbursements under the United Nations Mutual Aid Act were discontinued in the present fiscal year. The total revenue of the Dominion government rose 5.7 per cent to $937 million.

The decline in the payment of salaries and wages was held to moderate proportions. The index which had been 143.7 in the first seven months of 1945 receded to 136.8, a decline of 4.8 per cent. A slight decrease was also shown in the average weekly earnings which dropped from $32.02 to $31.92. The decline in employment in manufacturing plants was the main influence in reducing the general index of employment. The general indicator dropped from 177.2 to 169.1. The groups recording advances in the number of employees included logging, communications, transportation, trade and finance. Dividends paid during the first seven months, according to an unofficial source, rose from $169.9 million to $181.4 million. Dominion government interest payments from April to July were 1.4 per cent lower than in the same period of 1945. The index of Dominion bond yields declined from 96.0 to 85.6, a drop of 10.8 per cent.

The money supply including bank deposits subject to cheque, notes and coin in the hands of the public, showed an increase of 12.3 per cent in 1946 over the average for the first seven months of 1945. Security holdings rose 12.4 per cent at $4.2 billion and current loans were 4.2 per cent greater at $1,150 million. The increase in cheques cashed in thirty-three centres was limited to 5.2 per cent at slightly more than $40 billion.

In the accompanying Table (1) twenty-six items recorded declines while forty showed increases.

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THE ECONOMIC SITUATION IN CANADA

For the first Seven Months of 1946 as compared with the

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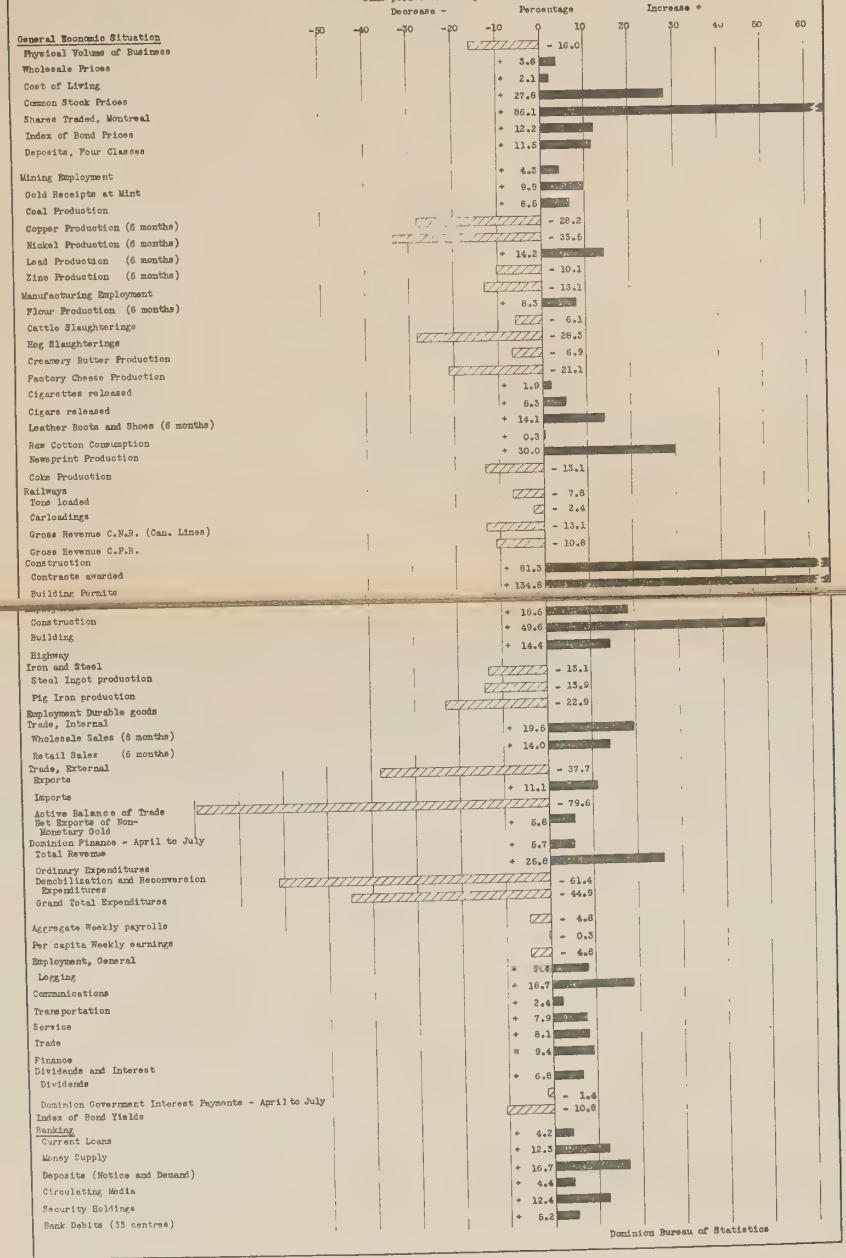

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	Unit or Base Period	First Seven Months 1946	1945	Per cent Increase + Decrease -
GENERAL ECONOMIC SITUATION				
Index of Physical Volume of Business	1935-39=100	186.6	222.1	-16.0
Wholesale Prices	1935-39=100	139.1	134.3	+ 3.6
Cost of Living	1935-39=100	121.6	119.1	+ 2.1
Index of Common Stock Prices	1935-39=100	122.3	95.7	+27.8
Index of Shares Traded, Montreal	1935-39=100	208.4	112.0	+86.1
Index of Bond Prices	1935-39=100	116.9	104.2	+12.2
Deposits, Four Classes (Dom., Prov., Demand and Notice)	$ '000	5,834,854	5,234,686	+11.5
Mining Employment	1926=100	154.2	147.8	+ 4.3
Gold Receipts at Mint	Fine ozs.	1,612,845	1,468,168	+ 9.9
Coal Production	Tons	10,173,410	9,554,780	+ 6.5
Copper Production (6 months)	'000 bls.	185,829	258,715	-28.2
Nickel Production (6 months)	'000 lbs.	90,353	135,800	-33.5
Lead Production (6 months)	'000 lbs.	187,676	164,275	+14.2
Zinc Production (6 months)	'000 lbs.	246,237	274,006	-10.1
Manufacturing Employment	1926=100	184.0	211.7	-13.1
Flour Production (6 months)	Bbls.	13,523,249	12,489,078	+ 8.3
Cattle Slaughterings	No.	1,265,979	1,347,698	- 6.1
Hog Slaughterings	No.	2,613,137	3,642,994	-28.3
Creamery Butter Production	Lbs.	164,388,377	176,606,415	- 6.9
Factory Cheese Production	Lbs.	81,905,494	103,830,815	-21.1
Cigarettes Released	No.	8,130,812,202	7,979,604,365	+ 1.9
Cigars Released	No.	127,216,617	120,869,377	+ 5.3
Leather Boots and Shoes (6 months)	Pairs	18,128,672	15,882,000	+14.1
Raw Cotton Consumption	Lbs.	92,012,799	91,772,381	+ 0.3
Newsprint Production	Tons	2,359,962	1,815,153	+30.0
Coke Production	Short Ton	2,007,159	2,308,898	-13.1
Railways				
Tons Loaded	'000 Tons	55,241	59,922	- 7.8
Carloadings	No.	2,026,858	2,076,760	- 2.4
Gross Revenue C.N.R. (Can. Lines)	$	194,593,200	223,895,000	-13.1
Gross Revenue C.P.R.	$	164,572,117	184,428,070	-10.8
Construction -				
Contracts awarded	$	410,278,100	226,244,600	+81.3
Building Permits (58 Municipalities)	$	167,259,499	71,245,053	+134.8
Employment - (Unadjusted)	1926=100			
Construction		115.0	97.0	+18.6
Building		130.3	87.1	+49.6
Highway		128.7	112.5	+14.4
Iron and Steel -				
Steel Ingot Production	Short Ton	1,585,553	1,824,779	-13.1
Pig Iron Production	Short Ton	940,495	1,092,350	-13.9
Employment Durable goods	1926=100	191.5	248.5	-22.9

Table 1. - Statistics Illustrating the Economic Situation of Canada for the First Seven Months of 1946, Compared with the same period of last year. Concluded.

	Unit or Base Period	First Seven Months 1946	First Seven Months 1945	Per cent Increase + Decrease -
Trade				
Wholesale Sales (6 months)	1935-39=100	233.6	195.4	+19.5
Retail Sales (6 months)	1935-39=100	197.1	172.9	+14.0
Exports	$ '000	1,265,185	2,031,254	-37.7
Imports	$ '000	1,041,490	937,376	+11.1
Active Balance of Trade	$ '000	+ 223,695	+1,093,878	-79.6
Net Exports of Non-Monetary Gold ..	$ '000,000	60.3	57.0	+ 5.8
Dominion Finance, April to July Total Revenue	$	937,214,056	886,536,855	+ 5.7
Ordinary Expenditures	$	347,152,635	275,905,538	+25.8
Demobilisation and Reconversion Expenditures	$	460,809,727	1,194,761,929	-61.4
United Nations Mutual Aid	$	-	522,637,458	-
Grand Total Expenditures	$	811,229,995	1,472,920,008	-44.9
Aggregate Weekly Payrolls June 1, 1941=100 (Nine Groups)		136.3	143.7	- 4.8
Average Weekly Earnings (Nine Groups)	$	31.92	32.02	- 0.3
Employment General	1926=100	169.1	177.2	- 4.6
Logging		277.9	256.3	+ 8.4
Communication		134.1	113.0	+18.7
Transportation		125.1	122.2	+ 2.4
Services		217.8	201.8	+ 7.9
Trade		186.0	172.0	+ 8.1
Finance		140.9	128.8	+ 9.4
Dividends	$	181,395,989	169,903,134	+ 6.8
Dominion Government Interest Payments (April to July)	$	116,786,455	118,501,807	- 1.4
Index of Bond Yields	1935-39=100	85.6	96.0	-10.8
Banking -				
Current Loans	$ '000	1,149,964	1,104,079	+ 4.2
Money Supply	$ '000,000	7,091	6,317	+12.3
Deposits (Notice and Demand)	$ '000	5,312,938	4,553,020	+16.7
Circulating Media	$ '000,000	1,051.6	1,006.9	+ 4.4
Security Holdings	$ '000	4,219,229	3,754,765	+12.4
Bank Debits (33 Centres)	$ '000	40,051,331	38,086,305	+ 5.2

Twenty-six items recorded declines, while forty showed increases.

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Volume 13 | 3-40-30 | August, 1946 | Number 8

Dominion Statistician: Herbert Marshall, O.B.E., B.A., F.S.S.
Chief, Business Statistics Branch: Sydney B. Smith, M.A.

ECONOMIC CONDITIONS IN CANADA DURING THE FIRST EIGHT MONTHS OF 1946 COMPARED WITH THE SAME PERIOD OF THE PRECEDING YEAR

A majority of the representative factors indicating the trend of economic conditions were at a considerably higher level in the first eight months over the same period of 1945. Due to the termination of war, productive operations receded to a lower level during the present year. Prices of commodities at wholesale and of common stocks averaged somewhat higher. The increase in wholesale prices was 3.8 per cent, while the index of common stock prices rose 26.5 per cent. The gain in the index of bond prices was slightly more than 12per cent and the sum of the four classes of deposits with chartered banks rose to $5.8 billion or 11.6 per cent. The money supply consisting of notes, coin and bank deposits subject to cheque, rose from $6,322 million to $7,095 million, the indicated gain having been 12.2 per cent.

Production.-

Greater activity was displayed in mining camps in the first eight months of the present year than in the same period of 1945. The index of employment on the base of 1926 rose nearly 5 per cent to 154.5. Measured by the receipts of the Mint, gold production recorded a considerable recovery. The receipts in the first eight months were 1.8 million fine ounces, a gain of 9 per cent. Owing to the difficulty of obtaining coal from mines in the United States, it is interesting to find that coal production in the first eight months rose 7.8 per cent over the same period of last year. The output was 11.6 million tons against 10.8 million in the comparable period. The output of lead in the first seven months rose 15.6 per cent. Nickel production showed a decline of about one-third, demands from other countries having been met to a certain extent from inventories. Copper production receded about 28 per cent to 217 million pounds, while demand for zinc was heavy, the production in Canada showed a decline of about 8 per cent, the total output having been about 286 million pounds.

Manufacturing.-

Considerable diversity was shown in the operations of the different industries in the manufacturing group. The output of the meat packing and of the dairy industry receded to lower levels. Slaughterings of cattle showed a decline of 3.5 per cent to 1.5 million. The decline in hogs was of much greater proportions. The slaughterings were 2.8 million, a decline of 28 per cent from the same period of 1945. The output of cheese dropped sharply, the total having been 103 million pounds against 132 million, a decline of 22 per cent. The output of creamery butter at 198 million pounds showed a decline of 7.6 per cent only. The flour milling industry on the other hand was more active. The output of wheat flour in the first seven months was 15.7 million barrels, a gain of 9.6 per cent over the same period of 1945. The release from bond of cigarettes and cigars recorded a moderate increase over the high levels of the first part of 1945. Cigarettes made available were 9,493 million as compared with 9,158 million, the increase having been 3.7 per cent. The release of cigars rose 6.2 per cent to 145 million.

The boot and shoe industry, responding to heavy demand, showed a marked expansion in production in the first seven months. The output of leather boots and shoes rose from nearly 17 million pairs to 20.5 million, a gain of no less than 20.6 per cent.

Openings of raw cotton from the beginning of the year to the end of August amounted to 241,382 bales, recording a slight decline from the same period of last year. While the cotton crop of the United States has been estimated at 9.2 million bales, the production will be augmented by the carry-over of about 7,500,000 bales from previous crops. The total supply will be about 16.7 million bales compared with a record of 24.6 million in 1939. The reserve at the end of the 1946 consumption year may be reduced to the smallest quantity since the late 1920's.

The production of newsprint showed further increase in August, the output during the first eight months having been 2.7 million tons. The increase over the same months of 1945 was nearly 30 per cent, the total for that period having been 2.1 million tons. The exports of planks and boards, suggestive of operations in the lumber industry were nearly 170 million board feet in August compared with 194 million in the same month of last year. The outward shipments have shown a decline in comparison with the same period of 1945. The production of saw mills, east of the Rockies for the first seven months of 1946 was 1,016 million board feet and shipments amounted to 910 million.

Railways.-

Railway traffic was at a somewhat lower level during the first eight months of the present year. Heavy grain and coal shipments will tend to raise the overall movement in the last quarter. Tons loaded in the first eight months amounted to 63.5 million compared with 69 million in the same period of 1945, the decline having been 8 per cent. Carloadings, however, were only 1.6 per cent less. The total was 2.352,000 cars against 2,391,000. The gross revenue of the Canadian National Railways on internal lines receded 12.7 per cent, while the Canadian Pacific reduction was 10 per cent.

Construction.-

The new business obtained by the construction industry showed a marked betterment in the first eight months of the present year. Contracts awarded rose nearly 73 per cent to $461 million. Building permits in fifty-eight municipalities were nearly 120 per cent greater at $186 million. The considerable new business placed in the first eight months of the year and the record of employment indicates heavy operations. The construction industry was hampered in war times in meeting the demands of the expanded urban centres but with the removal of war-time restrictions a backlog of requirements has emerged constituting a harbinger of prosperous conditions for the industry during the post-war period. The index of employment in the construction and maintenance group rose 19.4 per cent, the building division having been 50.8 per cent greater.

The iron and steel industry occupies a strategic position, being called upon to supply producers' equipment and durable goods of many descriptions. The demand for the products of the industry has been heavy in the last eight months, but strikes have interferred with production schedules. Steel ingot production dropped 17.8 per cent to 1,684,000 tons. The production of pig iron was one-fifth less at 986,000 tons. Employment by producers of durable goods dropped 22.6 per cent, the standing of the index on the base of 1926 having been 191.3 during the first eight months of this year.

Although in the last eight months many lines of consumer's goods are in short supply, an upward trend was shown in consumer's purchases from retail stores. Retail sales in the first seven months rose more than 14 per cent, the index on the pre-war base having been 196.9. The increase in wholesale sales was of even greater proportions, the index at 235.7 rising 19.9 per cent over the first seven months of last year.

The external trade was characterized by a considerable decline in exports due to the discontinuance of the outward shipments of war supplies, although outward shipments during August were greater than in any other month in peace-time. Imports on the other hand recorded an appreciable increase over the war months of 1945. Exports were $1,511 million, a decline of 35 per cent, while the imports rose 15 per cent to $1,205 million. The active balance of trade consequently showed a marked decline at $306 million. The net exports of non-monetary gold, not included in the statistics of the merchandise trade, were $67.7 million in the period under review, an increase of 3.4 per cent.

The expenditures of the Dominion government receded from $1,852 million in the first five months of the last fiscal year to $996 million. The demobilization and reconversion expenditures showed a remarkable decline of nearly 62 per cent, while ordinary expenditures were more than 19 per cent greater. The total revenue in the period from April to August was $1,148 million, an increase of 7.3 per cent.

Payroll data collected in connection with the survey of employment indicate the trend of salaries and wages over a large part of the Canadian economy. The aggregate weekly payrolls showed a decline of only 4.2 per cent from the high level of 1945. The average weekly earnings in the nine main groups were practically maintained. The decline in payrolls was due to the slightly lower level in general employment, the index of which, on the base of 1926, receded from 177 to 169.6. Increases were shown in mining, logging, communications, transportation, services, trade and finance, while the decline in manufacturing employment was 12.7 per cent.

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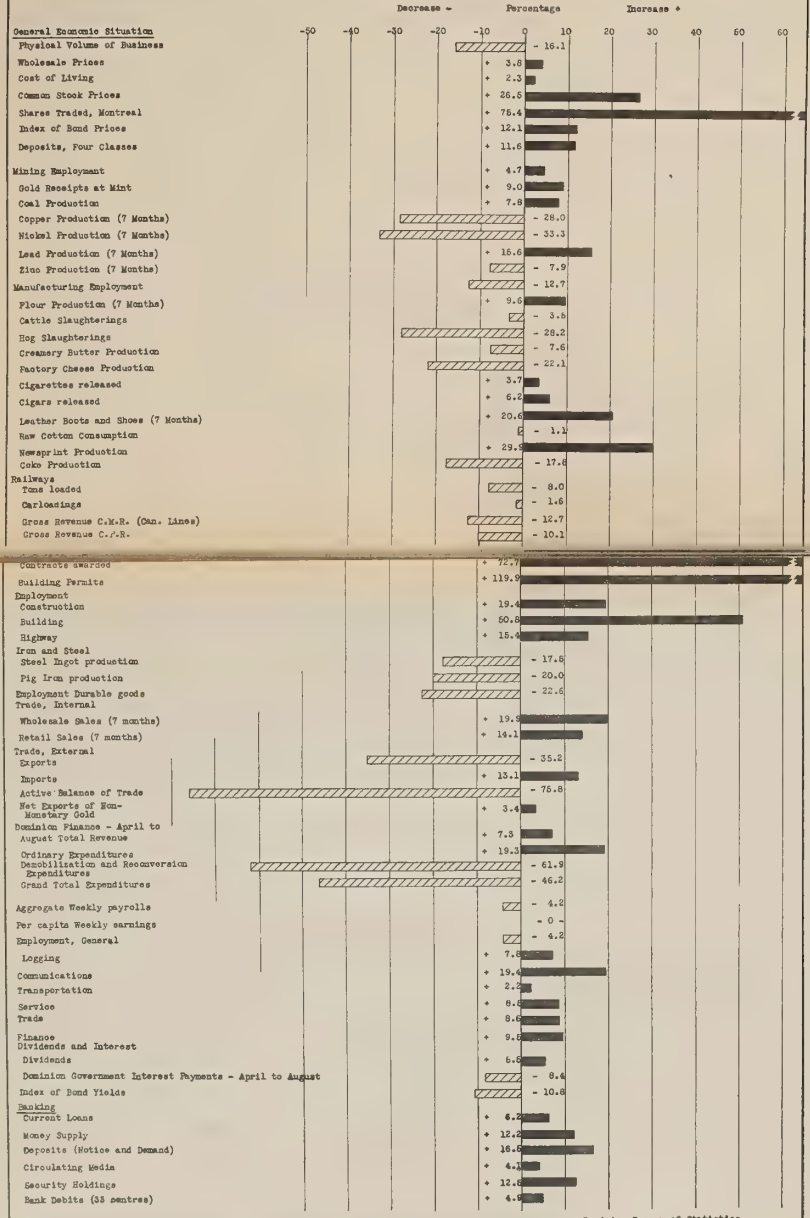
THE ECONOMIC SITUATION IN CANADA

For the first Eight Months of 1946 as compared with the

same period of last year.



Twenty-six items recorded declines, while thirty-nine showed increases, and one was unchanged.

Table 1. - Statistics Illustrating the Economic Situation of Canada for the First Eight Months of 1946, compared with the same period of last year.

	Unit or Base Period	First Eight Months 1946	First Eight Months 1945	Per cent Increase + Decrease -
GENERAL ECONOMIC SITUATION				
Index of physical Volume of Business	1935-39=100	185.4	220.9	- 16.1
Wholesale Prices	1935-39=100	139.4	134.3	+ 3.8
Cost of Living	1935-39=100	122.1	119.3	+ 2.3
Index of Common Stock Prices	1935-39=100	121.7	96.2	+ 26.5
Index of Shares Traded, Montreal	1935-39=100	198.0	112.9	+ 75.4
Index of Bond Prices	1935-39=100	117.0	104.4	+ 12.1
Deposits, Four Classes (Dom., Prov., Demand and Notice)	$ '000	5,842,007	5,233,987	+ 11.6
Mining Employment	1926=100	154.5	147.5	+ 4.7
Gold Receipts at Mint	Fine ozs.	1,828,703	1,677,182	+ 9.0
Coal Production	Tons	11,593,450	10,756,681	+ 7.8
Copper Production (7 months)	'000 lbs.	216,838	301,105	- 28.0
Nickel Production (7 months)	'000 lbs.	106,593	159,694	- 33.3
Lead Production (7 months)	'000 lbs.	219,335	189,781	+ 15.6
Zinc Production (7 months)	'000 lbs.	285,788	310,204	- 7.9
Manufacturing Employment	1926=100	184.0	210.7	- 12.7
Flour Production (7 months)	Bbls.	15,687,394	14,311,271	+ 9.6
Cattle Slaughterings	No.	1,501,711	1,555,915	- 3.5
Hog Slaughterings	No.	2,831,049	3,942,707	- 28.2
Creamery Butter Production	Lbs.	198,403,635	214,650,751	- 7.6
Factory Cheese Production	Lbs.	103,126,249	132,368,508	- 22.1
Cigarettes Released	No.	9,493,265,080	9,158,071,165	+ 3.7
Cigars Released	No.	144,627,426	136,236,887	+ 6.2
Leather Boots and Shoes (7 months)	Pairs	20,453,795	16,964,888	+ 20.6
Raw Cotton Consumption	Lbs.	103,146,257	104,317,851	- 1.1
Newsprint Production	Tons	2,730,638	2,102,181	+ 29.9
Coke Production	Short Ton	2,167,476	2,638,114	- 17.8
Railways				
Tons Loaded	'000 Tons	63,504	69,039	- 8.0
Carloadings	No.	2,352,099	2,390,536	- 1.6
Gross Revenue C.N.R. (Can. Lines).	$	225,201,600	257,848,200	- 12.7
Gross Revenue C.P.R.	$	189,979,067	211,400,577	- 10.1
Construction				
Contracts awarded	$	460,692,400	266,775,500	+ 72.7
Building Permits (58 Municipalities)	$	185,993,386	84,594,500	+ 119.9
Employment - (Unadjusted)	1926=100			
Construction		119.2	99.8	+ 19.4
Building		134.4	89.1	+ 50.8
Highway		136.3	118.1	+ 15.4
Iron and Steel				
Steel Ingot Production	Short Ton	1,684,569	2,049,707	- 17.8
Pig Iron Production	Short Ton	986,056	1,232,162	- 20.0
Employment Durable goods	1926=100	191.3	247.0	- 22.6

Table 1. - Statistics Illustrating the Economic Situation of Canada for the First Eight Months of 1946, Compared with the same period of last year. Concluded

	Unit or Base Period	First Eight Months 1946	First Eight Months 1945	Per Cent Increase + Decrease -
Trade				
Wholesale Sales (7 months)	1935-39=100	235.7	196.6	+ 19.9
Retail Sales (7 months)	1935-39=100	196.9	172.6	+ 14.1
Exports	$ '000	1,511,179	2,331,885	- 35.2
Imports	$ '000	1,204,714	1,065,510	+ 13.1
Active Balance of Trade	$ '000	+ 306,465	+1,266,375	- 75.8
Net Exports of Non-Monetary Gold .	$ '000,000	67.7	65.5	+ 3.4
Dominion Finance, April to August Total Revenue.....	$	1,147,712,700	1,069,727,372	+ 7.3
Ordinary Expenditures	$	422,703,828	354,425,527	+ 19.3
Demobilisation and Reconversion Expenditures	$	569,065,840	1,494,242,246	- 61.9
United Nations Mutual Aid	$	-	636,820,107	-
Grand Total Expenditures	$	996,114,291	1,852,273,583	- 46.2
Aggregate Weekly Payrolls June 1, 1941=100 (Nine Groups) ..		137.6	143.6	- 4.2
Average Weekly Earnings (Nine Groups)	$	32.03	32.04	-o-
Employment General	1296=100	169.6	177.0	- 4.2
Logging		266.6	247.2	+ 7.8
Communication		136.2	114.1	+ 19.4
Transportation		125.6	122.9	+ 2.2
Services		220.3	203.0	+ 8.5
Trade		186.6	171.9	+ 8.6
Finance		141.3	129.0	+ 9.5
Dividends	$	192,067,486	182,007,572	+ 5.5
Dominion Government Interest Payments (April to August)	$	140,614,788	153,432,323	- 8.4
Index of Bond Yields	1935-39=100	85.5	95.8	- 10.8
Banking				
Current Loans	$ '000	1,157,432	1,089,561	+ 6.2
Money Supply	$ '000,000	7,095	6,322	+ 12.2
Deposits (Notice and Demand)	$ '000	5,350,562	4,591,325	+ 16.5
Circulating Media	$ '000,000	1055.1	1013.5	+ 4.1
Security Holdings	$ '000	4,233,812	3,764,791	+ 12.5
Bank Debits (33 Centres)	$ '000	44,917,870	42,812,901	+ 4.9

Twenty-six items recorded declines, while thirty-nine showed increases, and one was unchanged.

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CANADA

DEPARTMENT OF TRADE AND COMMERCE

DOMINION BUREAU OF STATISTICS

BUSINESS STATISTICS BRANCH

ECONOMIC CONDITIONS IN CANADA

DURING THE FIRST NINE MONTHS OF 1946

OTTAWA
1946

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Volume 13 Number 9

Dominion Statistician: Herbert Marshall, O.B.E., B.A., F.S.S.
Chief, Business Statistics Branch: Sydney B. Smith, M.A.

ECONOMIC CONDITIONS IN CANADA DURING THE FIRST NINE MONTHS OF 1946 COMPARED WITH THE SAME PERIOD OF THE PRECEDING YEAR

Economic conditions as measured by six prominent factors was at a considerably higher level in the first nine months of 1946 than in the same period of last year. Productive operations, owing to the termination of war contracts, reached a somewhat lower position in the elapsed portion of the present year. The index of general employment, however, was only 3.5 per cent less than in the first nine months of 1945. The indexes of production and business activity showed a somewhat greater recession, suggesting a lower level of productivity from that maintained in wartime.

Common stock prices, which had been advancing from mid-year 1942, reached a high level in the first nine months. The index, based on 1935-39, averaged about 23 points higher than in the first nine months of 1945. A reaction was shown in September, but the index was still at a higher position than in the same month of 1945 Speculative trading on the Montreal and Toronto exchanges was much more active during the present year. The advance in wholesale prices, in evidence since 1939, was continued in the first nine months of the present year. The index was 4 per cent greater at 139.7. The advance in wholesale prices has been of relatively moderate proportions since the end of 1941, but the standing in the first nine months was higher than in any other similar period in the last quarter century. Following the termination of hostilities, the yield on long-term Dominion bonds has showed a marked reduction. In other words, prices of high-grade bonds advanced sharply during the later months of 1945 and the first quarter of the present year. The index of bond prices averaged 12 per cent greater in the first nine months of 1946 than in the same period of last year.

Money supply, consisting of bank deposits, notes and coin, has recorded a considerable increase during the present year over the relatively high levels of 1945. The advance has extended during the period from 1934 and, having been greatly accelerated since the outbreak of war, the quantity of money averaged $7,110 million during the first nine months of the present year against $6,331 million in the same period of 1945, a gain of 12.3 per cent.

The index of the physical volume of business showed a recession of 16 per cent in the first nine months of the present year from the levels of 1945. The recession continued throughout last year following the maximum of wartime production reached in the early months of 1944. Despite difficulties of reconversion and labor unrest, the level of industrial production was remarkably steady month by month during the elapsed portion of the present year. Many raw materials have been in short supply and cost of productive operations has reached high levels. The intense demand for consumers' goods and service, has proven a stimulus to Canadian producers in 1946

Mining and Manufacturing

Employment in the mining industry was 5 per cent greater this year. Gold receipts at the Mint rose 8.4 per cent at more than 2 million fine ounces. The increase in the output of coal was 8.3 per cent, the total having been 12.9 million tons. Lead production in the eight months recorded an increase of 14.5 per cent, while declines were shown in the output of copper, nickel and zinc.

The number of employees in the manufacturing industries showed a decline of about 12 per cent, the index on the base of 1926 averaging 184.4 in the first nine months. The heavy demand for food stocks in other countries was reflected in the production of 20.1 million barrels of wheat flour, an increase of more than 9 per cent over the same period of last year. The meat packing industry was less active, the slaughtering of hogs showing a decline of 28 per cent. The recession in creamery butter production was 8.4 per cent, while the output of factory cheese dropped more than 23 per cent. Measured by releases from bond, the tobacco industry was more productive in the first nine months, the cigarettes and cigars made available showing increases of 5 per cent and 6.5 per cent respectively.

Further increase was shown in the operations of the boot and shoe industry, during the first eight months the output rising about 20.7 per cent to 23.4 million pairs.

Production by the textile industry was retarded by strikes, the consumption of raw cotton showing a recession of slightly more than one per cent at 115.4 million pounds. The forestry industry recorded marked expansion in operations during the present year, a strong demand for newsprint being a favourable influence. The output of newsprint rose 29 per cent to 3.1 million tons.

Railways

The operations of the railways were at a somewhat lower level in the first three quarters of the present year. The tons of revenue freight loaded dropped 9.3 per cent to 71.1 million. Carloadings, on the other hand, were nearly maintained at 2,676,000 cars, the decline being about one-half of one per cent. The gross revenue of the Canadian National and Canadian Pacific Railways were at a somewhat lower position.

Capital Formation

The levels of production and employment in Canada during the postwar period will be dependent on expenditures of different descriptions. The outlay on plant and equipment and other forms of capital expenditure is of particular interest in this connection. Such expenditure has an indirect influence on the expenditure for consumers' goods and services.

Much greater activity was displayed by the construction industry during 1946. The contracts awarded were greater in the first nine months of the present year than in any similar period. The amount was $505.5 million, an increase of nearly 64 per cent over 1945. The increase in building permits, mainly reflecting the expansion in the provision of housing, was 112 per cent greater at $207.7 million. While a number of difficulties prevented a corresponding expansion in actual operations, employment on construction projects was about one-fifth greater. The increase in the labour force engaged on building construction was nearly 50 per cent.

The expansion in the production of producers' durable goods is mainly dependent on the operations of the iron and steel industry. The same group was also one of the main producers of munitions and war supplies. The operations of the primary iron and steel industry were interrupted by strikes during midsummer. The production of steel ingots and castings was 1,760,000 tons, a decline of nearly 22 per cent from the same period of last year. The output of pig iron and steel showed a decline of 24 1/2 per cent in the same comparison. The index of employment in the industry producing durable goods showed a decline of 21.7 per cent.

Trade and Government Expenditures

The expenditure of individuals in Canada on consumers' goods and services is the main outlet for the production within the country. Distribution of commodities through retail outlets showed a continuance of the expansion in progress during recent years. The sales were nearly double the standing in the five years preceding the war, an increase over the first eight months of 1945 of nearly 15 per cent. The wholesale trade was one-fifth greater in the same comparison.

The export trade was slightly more than one-third less than in the first nine months of 1945. Loans to a number of countries have supported the export trade to a large extent, but the total exports during the first nine months were $1,683 million compared with $2,557 million in the same period of 1945. Imports, on the other hand, have shown an increase of 14.6 per cent over last year. The active balance of trade has consequently shown a marked decline, the total in the first nine months having been $322 million.

The expenditures of the Dominion Government from April to September were nearly 44 per cent less than in the same period of the preceding year. Mutual aid to the United Nations was discontinued and a marked decline in demobilization and reconversion expenditures was shown. Ordinary expenditures, on the other hand, showed an increase of 27.7 per cent and a minor percentage gain was recorded in the revenue.

Purchasing Power

A minor increase was shown in the average weekly earnings of employees during the first nine months of the present year, the standing having been $32.11. As the level of employment was well maintained this year as compared with last, the aggregate weekly payrolls recorded a recession of 3.2 per cent only, the index on the base of June 1, 1941 having been 138.6 against 133.2 last year. The decline in manufacturing employment amounting to nearly 12 per cent failed to offset the increase in most of the other categories, including logging, communications, transportation, services, trade and finance. The distribution of dividends, according to unofficial sources, was 12 per cent greater in the first nine months, the total having been $219.2 million. Interest payments by the Dominion Government from April to September were 17 per cent greater at $202.6 million. The index of bond yields, of interest to investors, showed a decline of 10.7 per cent, the standing having been 85.4 per cent during the first nine months of the present year.

Banking

Notice deposits, consisting mainly of the savings of individuals, averaged $2,471 million in the first nine months of 1946, an increase of 21.9 per cent over the same period of last year. Bank notes and subsidiary coin in the hands of the public, during the first nine months, were estimated at $1,058 million, an increase of about 4 per cent over the preceding year. Current loans and security holdings of the chartered banks showed an increase of 8.4 per cent and 12.2 per cent respectively. Cheques cashed in 33 clearing centres were $50.8 billion compared with nearly $48 billion in the first nine months of 1945, the increase having been 5.9 per cent.

Table 1. - Statistics Illustrating the Economic Situation of Canada for the First Nine Months of 1946, compared with the same period of last year.

	Unit or Base Period	First Nine Months 1946	First Nine Months 1945	Per Cent Increase + Decrease -
GENERAL ECONOMIC SITUATION				
Index of physical Volume of Business	1935-39=100	184.0	219.2	- 16.1
Wholesale Prices	1935-39=100	139.7	134.3	+ 4.0
Cost of Living	1935-39=100	122.5	119.3	+ 2.7
Index of Common Stock Prices	1935-39=100	119.7	96.8	+ 23.7
Index of Shares Traded, Montreal	1935-39=100	192.2	107.7	+ 78.5
Index of Bond Prices	1935-39=100	117.1	104.6	+ 12.0
Deposits, Four Classes (Dom, Prov., Demand and Notice)	$ '000	5,863,712	5,237,875	+ 11.9
Mining Employment	1926=100	154.6	147.1	+ 5.1
Gold Receipts at Mint	Fine ozs.	2,026,535	1,869,917	+ 8.4
Coal Production	Tons	12,932,095	11,944,110	+ 8.3
Copper Production (8 mos.)	'000 lbs.	246,785	340,585	- 27.5
Nickel Production (8 mos.)	'000 lbs.	122,030	181,685	- 32.8
Lead Production (8 mos.)	'000 lbs.	249,429	217,909	+ 14.5
Zinc Production (8 mos.)	'000 lbs.	324,951	360,725	- 9.9
Manufacturing Employment	1926=100	184.4	209.4	- 11.9
Flour Production	Bbls.	20,073,769	18,362,959	+ 9.3
Cattle Slaughterings	No.	1,709,221	1,796,514	- 4.9
Hog Slaughterings	No.	3,047,153	4,241,888	- 28.2
Creamery Butter Production	Lbs.	224,186,530	244,825,714	- 8.4
Factory Cheese Production	Lbs.	120,270,571	156,717,859	- 23.3
Cigarettes Released	No.	10,798,982,026	10,280,945,533	+ 5.0
Cigars Released	No.	162,460,121	152,609,342	+ 6.5
Leather Boots and Shoes (8 mos.)	Pairs	23,382,524	19,373,388	+ 20.7
Raw Cotton Consumption	Lbs.	115,414,849	116,657,916	- 1.1
Newsprint Production	Tons	3,060,701	2,372,144	+ 29.0
Coke Production	Short Ton	2,362,069	2,956,263	- 20.1
Railways				
Tons Loaded	'000 Tons	71,147	77,585	- 9.3
Carloadings	No.	2,676,425	2,690,323	- 0.5
Gross Revenue C.N.R. (Can. Lines)	$	255,537,700	289,261,200	- 11.7
Gross Revenue C.P.R.	$	216,027,005	237,591,710	- 9.1
Construction				
Contracts awarded	$	505,508,800	308,820,900	+ 63.7
Building Permits (58 Municipalities)	$	207,740,454	97,843,672	+112.3
Employment - (Unadjusted)	1926=100			
Construction		122.9	102.4	+ 20.0
Building		137.7	92.0	+ 49.7
Highway		143.4	122.5	+ 17.1
Iron and Steel				
Steel Ingot Production	Short Ton	1,760,133	2,248,215	- 21.7
Pig Iron Production	Short Ton	1,032,067	1,367,389	- 24.5
Employment Durable Goods	1926=100	191.2	244.3	- 21.7

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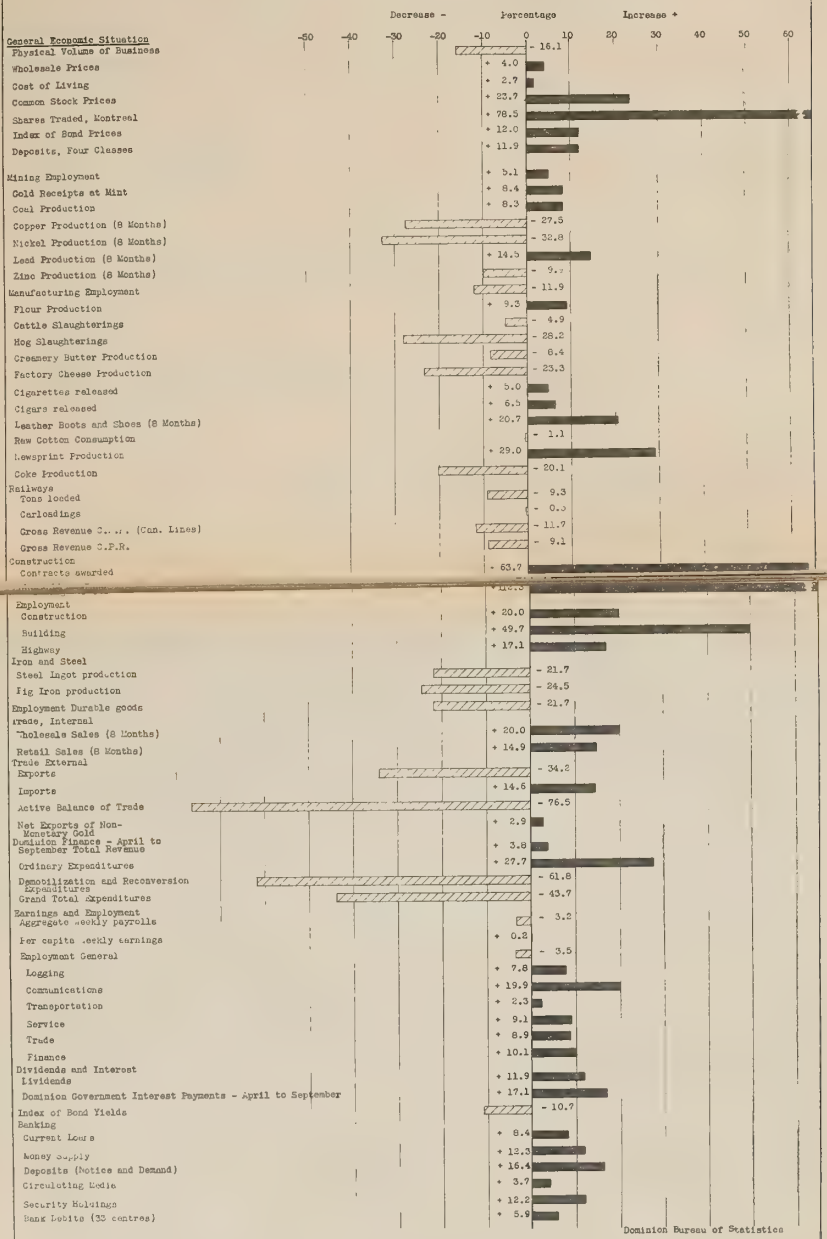
THE ECONOMIC SITUATION IN CANADA

For the first Nine Months of 1945 as compared with the same period of last year.



Twenty-five items recorded declines, while forty-one showed increases.

Table 1. - Statistics Illustrating the Economic Situation of Canada for the First Nine Months of 1946, compared with the same period of last year. Concluded

	Unit or Base Period	First Nine Months 1946	First Nine Months 1945	Per Cent Increase + Decrease -
Trade				
Wholesale Sales (8 mos.)	1935-39=100	239.0	199.1	+ 20.0
Retail Sales (8 mos.)	1935-39=100	199.1	173.3	+ 14.9
Exports	$ '000	1,683,096	2,556,866	- 34.2
Imports	$ '000	1,360,810	1,187,770	+ 14.6
Active Balance of Trade	$ '000	+ 322,286	+ 1,369,096	- 76.5
Net Exports of Non-Monetary Gold	$ '000,000	74.4	72.3	+ 2.9
Dominion Finance, April to September Total Revenue	$	1,344,268,248	1,295,666,471	+ 3.8
Ordinary Expenditures	$	554,650,068	434,388,420	+ 27.7
Demobilization and Reconversion Expenditures	$	664,937,244	1,738,783,436	- 61.8
United Nations Mutual Aid	$	-	710,209,192	-
Grand Total Expenditures	$	1,225,371,857	2,177,653,763	- 43.7
Aggregate Weekly Payrolls June 1, 1941=100 (Nine Groups)		138.6	143.2	- 3.2
Average Weekly Earnings (Nine Groups)	$	32.11	32.05	+ 0.2
Employment General	1926=100	170.3	176.5	- 3.5
Logging		258.5	239.9	+ 7.8
Communication		138.0	115.1	+ 19.9
Transportation		126.3	123.5	+ 2.3
Services		222.6	204.1	+ 9.1
Trade		187.2	171.9	+ 8.9
Finance		142.1	129.1	+ 10.1
Dividends	$	219,160,371	195,884,583	+ 11.9
Dominion Government Interest Payments (April to September)	$	202,553,991	172,982,605	+ 17.1
Index of Bond Yields	1935-39=100	85.4	95.6	- 10.7
Banking				
Current Loans	$ '000,000	1,166,140	1,076,209	+ 8.4
Money Supply	$ '000,000	7,100	6,331	+ 12.3
Deposits (Notice and Demand)	$ '000	5,399,326	4,639,753	+ 16.4
Circulating Media	$ '000,000	1057.8	1020.0	+ 3.7
Security Holdings	$ '000	4,249,535	3,786,476	+ 12.2
Bank Debits (33 Centres)	$ '000	50,808,380	47,970,222	+ 5.9

Twenty-five items recorded declines, while forty-one showed increases.

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Chief, Business Statistics Branch: Sydney B. Smith.

ECONOMIC CONDITIONS IN CANADA DURING THE FIRST TEN MONTHS OF 1946 COMPARED WITH THE SAME PERIOD OF THE PRECEDING YEAR

While productive operations were at a comewhat lower level in the first ten months of 1946 than in the preceding year, a number of economic factors of importance rose to a higher position. The advance in wholesale prices which has been in evidence since 1939 was quickened during the present year. The index on the base 1935-39 rose from 134 to 140. Despite reaction in September common stock prices averaged nearly 21 per cent higher than in the first ten months of last year. Trading on the stock exchanges was more active than at any time since 1937. The index of bond prices rose from 104.7 to 117.1, a gain of 11.8 per cent. The discontinuance of war production was the main influence in the reduction of productive operations. The index of the physical volume of business receded slightly more than 15 per cent. A minor increase was shown in the index of general employment. A marked advance was recorded in bank deposits from the outbreak of hostilities to the present time. Saving deposits have risen sharply from year to year reaching in 1946 a higher level than at any other time in our banking history. Money supply consisting of coin, notes and bank deposits was greater in 1946 than in any other year.

Mining and Manufacturing

Canada is endowed with widespread and diversified mineral wealth and the great unexplored areas of the northland are full of promise. Heavy post-war consumption and labour troubles in mining areas have reduced stock piles in a number of industrial countries so that prices have been advanced materially for the purpose of attracting larger imports. The production of lead was 40.5 per cent greater in the first ten months of the present year, while the output of other base metals and nickel receded to a lower position. Gold receipts at the Mint were 8.7 per cent greater and coal production showed an increase of nearly 11 per cent.

Notwithstanding the continued scarcity of a large number of finished commodities, the manufacturing industries of Canada have accomplished wonders in the fifteen months since the termination of hostilities. Shortages caused by idleness of plants in strategic industries have had an adverse effect and some delay was occasioned in getting production to capacity levels. During the present year manufacturers are putting forth every effort to get their plants reconverted to peacetime production and to turn out needed goods to overtake the demand created by wartime shortages. Working forces in manufacturing plants averaged about 11 per cent less in the first ten months of 1946 than in the same period of the present year.

The flour milling industry was more active, the output of wheat flour having been 22.5 million barrels compared with 20.8 million. A decline was shown in the operations of the meat packing industry especially in the hog division. The output of creamery butter and factory cheese, particularly the latter, was at a lower point. The tobacco industry was active, the release of cigarettes rising to 12,238 million compared with 11,675 million. The release of cigars was 6.4 per cent greater. Raw cotton consumption by the textile industry was only 1.3 per cent less than in the first ten months of 1945.

The forestry industry was particularly active in 1946. The increasing importance of Canada's forest reserves was reflected in the outstanding advance in the production of newsprint. The output of 3.4 million tons rose to a new maximum in the first ten months of the present year.

Railways

The role which the railways are playing in the work of readjustment is no less important or exacting that that so successfully achieved during the war. Carloadings during the first ten months at 3,047,761 were slightly greater than in the same period of 1945. The tons of revenue freight loaded, however, at 79.8 million was 8.4 per cent less than last year.

Expenditures

Expenditures of different descriptions assume importance as an active influence in sustaining prosperity in coming months. Productive activity is significantly dependent upon disbursements at home and abroad. The traditional forms of expenditure are for construction, durable goods and the export trade. Moreover, the distribution of commodities through retail outlets provides the main market for Canadian goods.

Construction

A favourable factor in 1946 was the large amount of new business obtained by the construction industry The total contracts awarded as reported by an unofficial cource was $579 million, an increase of no less than 71 per cent over the preceding year. Building permits in 58 municipalities rose 105.6 per cent mainly indicating the activity in house building. The strenuous effort to meet the demand is hampered by the lack of building materials, but it is anticipated that 50,000 housing units will be made available in the twelve months ended March 1947.

The capital expenditure of Canadian business enterprises during the present year was estimated at about one billion, having been one-fifth greater than in 1945. The importance of capital formation on a physical basis as a feature of economic activity has long been recognized. While the investment money flow is normally far less than that arising from payment for consumption goods, the wider fluctuation in the former is of greater significance in promoting economic activity. Employment in construction projects showed an increase of 20 per cent over 1945, building construction accounting for an increase of nearly 48 per cent.

Producers' Durables

The iron and steel industry occupies a strategic position, being the main interest in supplying producers equipment and durable goods of many descriptions. The production of pig iron was 26.6 per cent less in the first ten months of 1946 than in the same period of the preceding year. The production was greatly retarded by the strikes of mid-summer. The supply of steel this year is far below the estimated 3 1/4 million tons needed to implement the production program.

Internal Trade

With more goods coming on the market every month Canadians are continuing to spend a greater sum of money than last year for consumer products. The expanded rate of consumer expenditure was due to the increased production of goods, upward price movements and the high level of consumer purchasing power. The personal expenditure

on consumer's goods and services recorded progressive increases year by year from 1938 to the present. The index of wholesale sales rose nearly 20 per cent in the first nine months over the same period of 1945. The level of retail sales was 14.5 per cent above the high position of last year.

Export Trade

The prosperity of Canada depends in large measure on the greatest possible volume of export trade at profitable prices. While considerable decline has been shown from the levels of 1945, the export trade of Canada during the first ten months was greater than in any other similar period of peace time. The total was $1,890 million. The strong demand for consumer's goods on the Canadian markets has been stimulated by the fact that so much was exported on the basis of loans to other countries. The first ten months of 1946 was a period of unusual activity in world trade. Releif shipments of food and clothing to war-devastated areas replaced shipments of munitions, which were already down to nearly normal peace-time levels. In the second quarter, shipments of agricultural and industrial machinery, construction equipment, vehicles and manufactured consumer goods increased in importance as reconversion to civilian production gained headway.

Dominion Finance

While ordinary expenditures of the Dominion government rose 24 per cent in the first seven months of the present fiscal year, marked decline was shown in the grand total. Mutual aid to the United Nations was discontinued and a decline of 62 per cent was shown in the demobilization and reconversion expenditures.

Purchasing Power

The aggregate weekly pay rolls were more than 2 per cent less in the first ten months of 1946 than in the same period of last year. The index on the base of June 1st 1941 receded 3 points to 139.7. The average weekly earnings showed a slight increase to $32.22. The decline in general employment was 2.7 per cent, the index on the base of 1926 having been 171 during the first 10 months of the present year. Decline was shown in labour forces engaged in the manufacturing industries, while advances were recorded in most of the other main groups. Appreciable increases were shown in communications, finance, trade and services. The gain in mining employment was 5.4 per cent and the logging index was 8.5 per cent greater.

The payment of dividends in the first ten months according to an unofficial source was $245.5 million, a gain of 11.3 per cent. Interest payments by the Dominion government from April to October showed a gain of nearly 15 per cent over the same period of 1945.

Banking

Security holdings of the chartered banks rose 11.7 per cent to $4,272 million. Current loans were 10.6 per cent greater at $1,180 million. Cheques cashed in the first ten months were 6.3 per cent greater than in the same period of 1945.

Table 1. - Statistics Illustrating the Economic Situation of Canada for the First Ten Months of 1946, compared with the same period of last year.

	Unit or Base Period	First Ten Months 1946	First Ten Months 1945	Per Cent Increase + Decrease -
GENERAL ECONOMIC SITUATION.				
Index of physical Volume of Business	1935-39=100	183.5	216.7	- 15.3
Wholesale Prices	1935-39=100	140.1	134.3	+ 4.3
Cost of Living	1935-39=100	122.9	119.4	+ 2.9
Index of Common Stock Prices	1935-39=100	118.0	97.8	+ 20.9
Index of Shares Traded, Montreal.	1935-39=100	187.1	109.3	+ 71.2
Index of Bond Prices	1935-39=100	117.1	104.7	+ 11.8
Deposits, Four Classes (Dom., Prov., Demand and Notice)	$ '000	5,889,430	5,271,431	+ 11.7
Mining Employment	1926 = 100	154.6	146.7	+ 5.4
Gold Receipts at Mint	Fine ozs.	2,274,491	2,093,281	+ 8.7
Coal Production	Tons	14,597,253	13,161,144	+ 10.9
Copper Production (9 mos.)	'000 lbs.	275,631	375,608	- 26.6
Nickel Production (9 mos.)	'000 lbs.	137,991	198,191	- 30.4
Lead Production (9 mos.)	'000 lbs.	278,471	247,084	+ 40.5
Zinc Production (9 mos.)	'000 lbs.	363,515	399,184	- 8.9
Manufacturing Employment	1926=100	184.8	207.3	- 10.9
Flour Production	Bbls.	22,506,644	20,590,141	+ 9.3
Cattle Slaughterings	No.	1,985,538	2,080,923	- 4.6
Hog Slaughterings	No.	3,426,407	4,696,526	- 27.0
Creamery Butter Production	Lbs.	245,994,027	268,751,911	- 8.5
Factory Cheese Production	Lbs.	133,262,743	174,390,648	- 23.6
Cigarettes Released	No.	12,238,002,022	11,675,107,715	+ 4.8
Cigars Released	No.	183,116,992	172,025,047	+ 6.4
Leather Boots and Shoes (9 mos.)	Pairs	26,117,653	21,716,789	+ 20.3
Raw Cotton Consumption	Lbs.	129,502,911	131,196,303	- 1.3
Newsprint Production	Tons	3,437,137	2,683,119	+ 28.1
Coke Production	Short Ton	2,633,420	3,266,226	- 19.4
Railways				
Tons Loaded	'000 Tons	79,835	87,164	- 8.4
Carloadings	No.	3,047,761	3,030,996	+ 0.6
Gross Revenue C.N.R. (Can. Lines)	$	288,215,500	325,663,000	- 11.5
Gross Revenue C.P.R.	$	242,883,371	266,371,782	- 8.8
Construction				
Contracts awarded	$	578,816,500	338,248,400	+ 71.[illegible]
Building Permits (58 Municipalities)	$	230,133,321	111,953,746	+105.6
Employment - (Unadjusted)	1926=100			
Construction		125.8	104.7	+ 20.2
Building		104.5	95.0	+ 47.9
Highway		149.2	125.9	+ 18.5
Iron and Steel				
Steel Ingot Production	Short Ton	1,874,687	2,454,061	- 23.6
Pig Iron Production	Short Ton	1,107,025	1,508,082	- 26.6
Employment Durable Goods	1926=100	190.9	239.6	- 20.3

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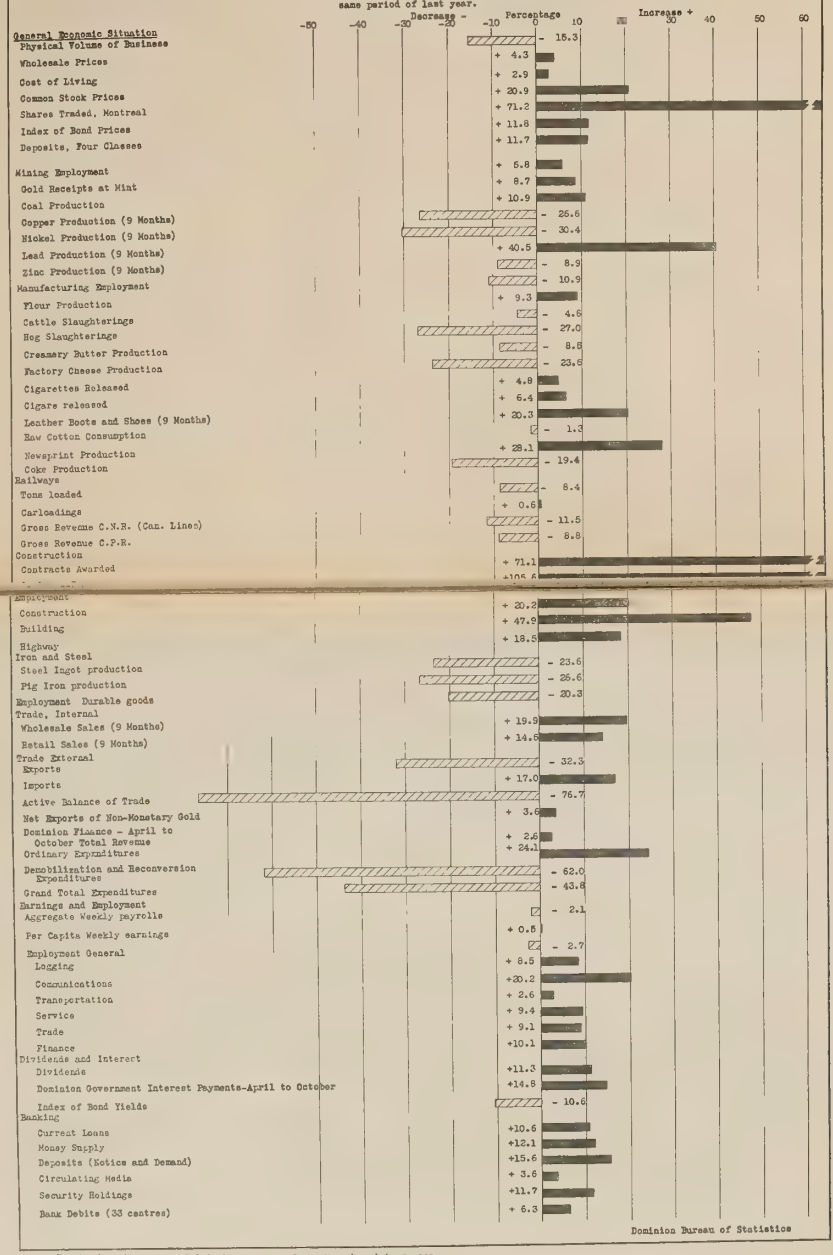
Minister of Trade and Commerce

THE ECONOMIC SITUATION IN CANADA

For the first ten Months of 1946 as compared with the same period of last year.



Twenty-four items recorded declines, while forty-two showed increases.

Table 1. - Statistics Illustrating the Economic Situation of Canada for the First Ten Months of 1946, compared with the same period of last year. Concluded

	Unit or Base Period	First Ten Months 1946	1945	Per Cent Increase + Decrease -
Trade				
Wholesale Sales (9 mos.)	1935-39=100	241.1	201.1	+ 19.9
Retail Sales (9 mos.)	1935-39=100	200.1	174.8	+ 14.5
Exports	$ '000	1,889,704	2,789,762	- 32.3
Imports	$ '000	1,547,000	1,322,000	+ 17.0
Active Balance of Trade	$ '000	+ 342,494	+ 1,467,588	- 76.7
Net Exports of Non-Monetary Gold	$ '000,000	82.9	80.0	+ 3.6
Dominion Finance, April to October Total Revenue	$	1,581,397,002	1,541,026,367	+ 2.6
Ordinary Expenditures	$	644,310,384	519,040,418	+ 24.1
Demobilization and Reconversion Expenditures	$	748,575,376	1,970,024,332	- 62.0
United Nations Mutual Aid	$	-	740,913,013	-
Grand Total Expenditures	$	1,401,927,959	2,494,382,188	- 43.8
Aggregate Weekly Payrolls June 1, 1941=100 (Nine Groups)		139.7	142.7	- 2.1
Average Weekly Earnings (Nine Groups)	$	32.22	32.07	+ 0.5
Employment General	1926=100	171.0	175.7	- 2.7
Logging		256.6	236.4	+ 8.5
Communication		139.4	116.0	+ 20.2
Transportation		127.1	123.9	+ 2.6
Services		223.9	204.7	+ 9.4
Trade		188.1	172.4	+ 9.1
Finance		142.7	129.6	+ 10.1
Dividends	$	245,534,541	220,569,242	+ 11.3
Dominion Government Interest Payments (April to October)	$	234,457,652	204,305,801	+ 14.8
Index of Bond Yields	1935-39=100	85.4	95.5	- 10.6
Banking				
Current Loans	$ '000,000	1,179,691	1,066,454	+ 10.6
Money Supply	$ '000,000	7,141	6,371	+ 12.1
Deposits (Notice and Demand)	$ '000	5,438,634	4,704,638	+ 15.6
Circulating Media	$ '000,000	1,061.4	1,024.9	+ 3.6
Security Holdings	$ '000	4,271,668	3,823,691	+ 11.7
Bank Debits (33 Centres)	$ '000	57,120,933	53,719,373	+ 6.3

Twenty-four items recorded declines, while forty-two showed increases.

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CANADA

DEPARTMENT OF TRADE AND COMMERCE

DOMINION BUREAU OF STATISTICS

BUSINESS STATISTICS BRANCH

ECONOMIC CONDITIONS IN CANADA

DURING THE FIRST ELEVEN MONTHS OF 1946

OTTAWA
1947

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Dominion Statistician: Herbert Marshall
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ECONOMIC CONDITIONS IN CANADA DURING THE FIRST ELEVEN MONTHS OF 1946 COMPARED WITH THE SAME PERIOD OF THE PRECEDING YEAR

Stimulated by civilian demand of unprecedented intensity a considerable measure of prosperity was in evidence during the first eleven months of the year recently ended. The termination of war production during the later part of 1945 resulted in a decline in general productive operations from the high levels of the preceding year. The index of the physical volume of business averaged 14.5 per cent below the first eleven months of 1945. The recession in general employment was of considerably lesser proportions.

The advance in wholesale prices was somewhat accelerated in 1946. The low point in interwar history was reached in the first quarter of 1933 and an upward trend has been in evidence since that time. During the first eleven months of the present year the index on the base of 1935-39 averaged 140.5, representing an increase of 4 1/2 per cent over the same period of the preceding year. Common stock prices, reflecting prospects of profitable business operations, rose to a higher level in 1946 than at any other time since 1937. While the index on the base of 1935-39 averaged 18.4 per cent greater than in 1945, a reaction occurred in September which considerably reduced the standing during the last four months. Speculative trading was more active than for some years.

Bond prices and bank deposits rose to high levels in the period under review. An index of bond prices, based on a theoretical Dominion bond, averaged 11.7 per cent higher than in 1945. The four main classes of deposits with the chartered banks were greater than in any other year in banking history. The aggregate at about $6.2 billion was 11.4 per cent greater on October 30, than on the same date of 1945.

Production

Canadian industry, after the termination of hostilities, was in a position to produce a larger volume of peace-time goods than at any other time in history. Industrial plants, built for war production, were transformed without important dislocation for the more permanent function of producing civilian goods. The main influence contributing to the continuance of economic prosperity was the unbalanced condition between the demand and production of goods and services, the former being at extremely high levels.

Employment in the mining industry recorded an increase of nearly 6 per cent over the first eleven months of 1945. The value of mineral production reached a new high position for peace-time during 1946. Although hampered by a shortage of skilled labour and a lack of essential equipment, the mining industry continued at a high level of operation, the output during the year being greater than in any other peace-time year and only 10 per cent below the record reached in 1942.

Gold production rose 19 per cent in quantity. The output of coal, amounting to 17.7 million tons, showed an increase of 7 per cent. Expansion was recorded in lead production, while zinc was at a lower position. Nickel requirements were partially met from inventories and the production of copper was also at a considerably lower point.

Employment in manufacturing plants showed a decline of nearly 10 per cent, the termination of war contracts being the main influence in the reduction. A considerable number of commodities, especially of non-durable goods, were manufactured in greater volume during 1946.

Flour production in the first eleven months was nearly 25 million barrels, a gain of about 9.4 per cent. The release of cigarettes and cigars for consumption rose to high levels in the year under review. The cigarettes made available in the eleven months were 13,646 million, a gain of 4.2 per cent, while the increase in the release of cigars was 6.5 per cent. The boot and shoe industry was particularly active in the year under review. The total output in the first ten months was more than 29 million pairs, an increase of 18.7 per cent over the preceding year.

Strong demand in external markets led to a heavy production of newsprint. The total in the eleven months was 3,801 million tons compared with slightly less than three million tons in the same period of 1945. The outstanding gain in the output of newsprint reflected the increasing importance of Canada's forest resources.

During the year manufacturers were putting forth every effort to get their plants reconverted to peace-time production and turn out needed goods to overtake the demand created by wartime shortages. Abundant production presently fostered by the magnitude and diversification of manufacturing plants and equipment, is the key to future prosperity.

Despite the shift from war goods and the transition to peace-time economy, railway traffic, as measured by the number of cars loaded, showed a slight increase in 1946 over the preceding year. Loadings for the fifty-two weeks at 3,681,699 cars were greater than for any of the war years and were 67,294 cars or 1.8 per cent above the standing for 1945. The showing in tons of freight carried and gross revenues of the two main railways were not so favourable.

Expenditure

Expenditures of different descriptions assumed importance as an active influence in sustaining prosperity during 1946. Productive activity is significantly dependent upon disbursements at home and abroad. In the current period private sectors are depended upon to counterbalance the decline in government purchases of goods and services. Traditional forms of such expenditure are for construction, durable goods and the export trade, and internal distribution of commodities through retail outlets provides the main market for Canadian goods.

New contracts placed for construction, as unofficially reported, reached a maximum during the year. Contracts amounted to $663 million, about 62 per cent greater than in 1945 and more than 15 per cent in excess of the previous maximum of $577 million reached in 1929. Records were made for volume and percentage of residential construction, while business, industrial and engineering building was below some previous years. Residential construction awards were valued at $213 million compared with the previous maximum of $139 million reached in 1938. Building permits in 58 municipalities were nearly doubled in the first eleven months over the same period of 1945. Employment in building construction rose 45.2 per cent, the shortage of building materials preventing an increase in productive activity commensurate with the amount of new business placed.

The strike of midsummer caused a curtailment in the output of the primary iron and steel industry, which is normally an excellent indicator of the production of durable goods. The production of steel ingots and castings dropped 21.2 per cent in the first eleven months compared with the same period of 1945. A somewhat greater percentage decline was shown in the output of pig iron.

The increase of sales at retail reflects both the advancing supply of goods which are available and a number of factors which have helped maintain the level of income payments to individuals. The payments of war service gratuities, clothing allowances, family allowances and payment of unemployment benefits have all contributed to this result. Gradual expansion of employment in recent months assisted

in the support of a high level of income payments and thus a strong demand at the retail level. The index of wholesale sales on the base of the first ten months showed an increase of 19.3 per cent, while retail sales were more than 14 per cent greater.

Canada's export trade during the first eleven months was about 30 per cent below the aggregate value for the corresponding period of 1945, when war and relief shipments were heavy, but far above the annual average of $885 million for the five prewar years, 1935-1939.

The strong demand for consumers goods on the Canadian market was stimulated by the fact that so much was exported to other countries. Canada's primary and manufactured goods are entering into the markets of the world at a higher level than in any year prior to 1942.

The total expenditures of the Dominion Government from April to November 1946 showed a decline of nearly 43 per cent, while the revenue on the other hand recorded an increase of 4.8 per cent, the amount during the period having been $1,798 million. The maintenance of a high income level in coming years will require large increases in consumer expenditures and private investment to replace the lower level of government expenditures.

Purchasing Power

Owing in part to an advance in employee rates, the amount paid in salaries and wages was practically maintained in 1946 as compared with the preceding year. The index of aggregate weekly payrolls recorded a recession of only one per cent, a slight advance having been shown in the average weekly earnings. Employment showed a decline in manufacturing but advanced in other main groups An increase in employment was shown in mining, logging, transportation, services, trade and finance.

The increase in the payment of dividends was about 11 per cent, the total, according to an unofficial source, having risen from $226 million to $251 million The interest payments of the Dominion Government from April to November showed a gain of 11.5 per cent over the same period of 1945.

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Table I. - Statistics Illustrating the Economic Situation of Canada for the First Eleven Months of 1946, compared with the same period of last year.

	Unit or Base Period	First Eleven Months 1946	1945	Per Cent Increase + Decrease -
GENERAL ECONOMIC SITUATION				
Index of physical Volume of Business	1935-39=100	183.3	214.3	- 14.5
Wholesale Prices	1935-39=100	140.5	134.4	+ 4.5
Cost of Living	1935-39=100	123.3	119.4	+ 3.3
Index of Common Stock Prices	1935-39=100	116.5	98.4	+ 18.4
Index of Shares Traded, Montreal	1935-39=100	183.1	116.6	+ 57.0
Index of Bond Prices	1935-39=100	117.2	104.9	+ 11.7
Deposits, Four Classes (Dom., Prov., Demand and Notice)	$ '000	5,941,480	5,338,867	+ 11.3
Mining Employment	1926=100	154.8	146.5	+ 5.7
Gold Receipts at Mint	Fine oz.	2,463,096	2,298,226	+ 7.2
Coal Production	Tons	16,171,347	14,951,648	+ 8.2
Copper Production (10 mo.)	'000 lb.	305,864	410,780	- 25.5
Nickel Production (10 mo.)	'000 lb.	155,210	215,436	- 28.0
Lead Production (10 mo.)	'000 lb.	308,217	279,693	+ 10.2
Zinc Production (10 mo.)	'000 lb.	400,346	438,044	- 8.6
Manufacturing Employment	1926=100	185.4	205.4	- 9.7
Flour Production	Bbl.	25,025,199	22,875,458	+ 9.4
Cattle Slaughterings	No.	2,257,084	2,391,205	- 5.6
Hog Slaughterings	No.	3,868,654	5,224,329	- 25.9
Creamery Butter Production	Lb.	259,857,448	283,036,793	- 8.2
Factory Cheese Production	Lb.	138,782,377	181,524,865	- 23.5
Cigarettes Released	No.	13,645,692,254	13,098,353,322	+ 4.2
Cigars Released	No.	202,820,712	190,451,642	+ 6.5
Leather Boots and Shoes (10 mo.)	Pairs	29,062,894	24,477,473	+ 18.7
Raw Cotton Consumption	Lb.	142,815,615	144,722,365	- 1.3
Newsprint Production	Tons	3,801,441	2,982,277	+ 27.5
Coke Production	Short Tons	2,953,603	3,550,430	- 16.8
Railways				
Tons Loaded	'000 Tons	89,383	96,263	- 7.1
Carloadings	No.	3,396,903	3,352,618	+ 1.3
Gross Revenue C.N.R. (Can. Lines)	$	320,710,900	351,940,800	- 8.9
Gross Revenue C.P.R.	$	269,384,441	292,326,341	- 7.8
Construction				
Contracts awarded	$	626,820,500	383,245,900	+ 63.6
Building Permits (58 Municipalities)	$	248,709,449	125,329,344	+ 98.4
Employment - (Unadjusted)	1926=100			
Construction		128.2	107.0	+ 19.8
Building		143.2	98.6	+ 45.2
Highway		153.7	129.2	+ 19.0
Iron and Steel				
Steel Ingot Production	Short Tons	2,096,951	2,662,042	- 21.2
Pig Iron Production	Short Tons	1,242,294	1,642,733	- 24.4
Employment Durable Goods	1926=100	190.7	235.4	- 19.0

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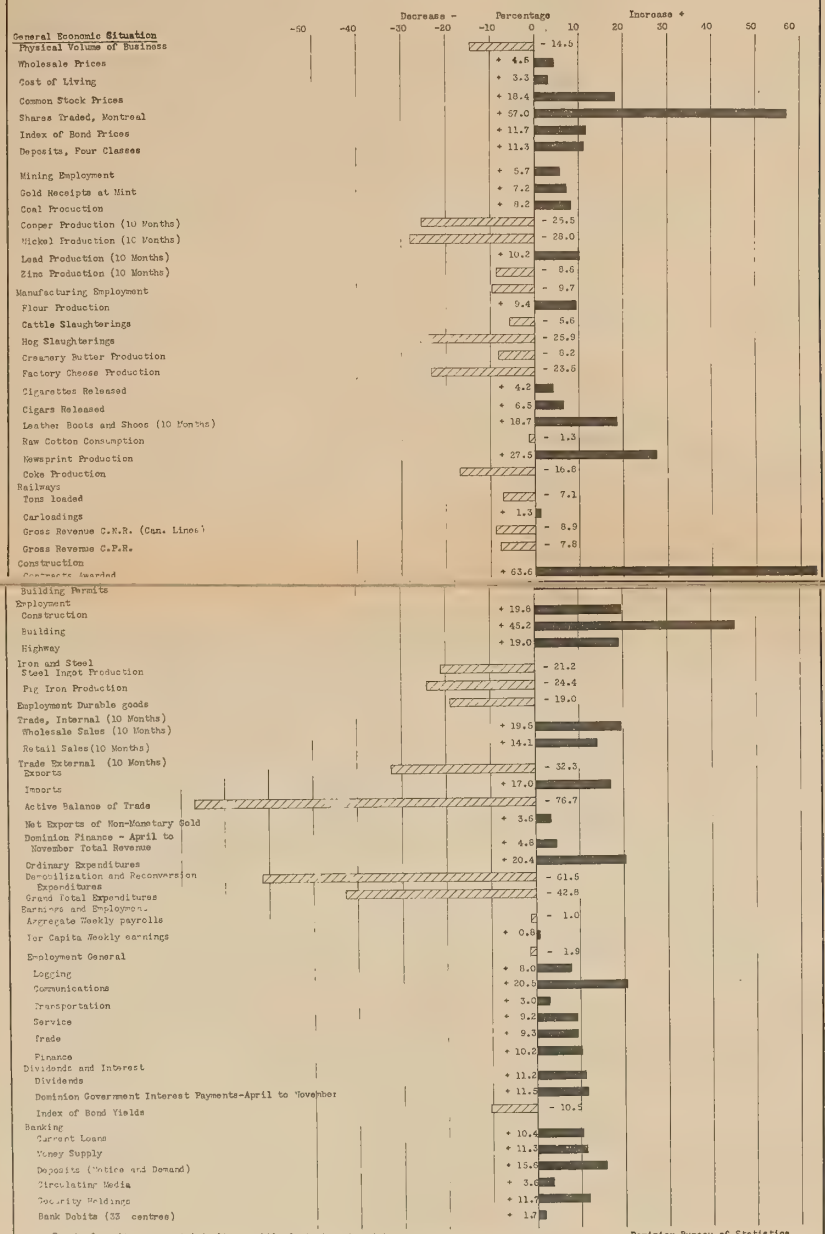
THE ECONOMIC SITUATION IN CANADA

For the first eleven Months of 1946 as compared with the

same period of 1945.



Twenty-four items recorded declines, while forty-two showed increases

Dominion Bureau of Statistics

Table 1. - Statistics Illustrating the Economic Situation of Canada for the First Eleven Months of 1946, compared with the same period of last year. Concluded

	Unit or Base Period	First Eleven Months 1946	1945	Per Cent Increase + Decrease -
Trade (10 mo.)				
Wholesale Sales	1935-39=100	244.6	204.7	+ 19.5
Retail Sales	1935-39=100	202.8	177.7	+ 14.1
Exports	$ '000	1,889,704	2,789,762	- 32.3
Imports	$ '000	1,547,203	1,322,174	+ 17.0
Active Balance of Trade	$ '000	+ 342,501	+ 1,467,588	- 76.7
Net Exports of Non-Monetary Gold	$ '000,000	82.9	80.0	+ 3.6
Dominion Finance, April to November. Total Revenue	$	1,797,699,218	1,715,547,822	+ 4.8
Ordinary Expenditures	$	758,329,182	629,641,647	+ 20.4
Demobilization and Reconversion Expenditures	$	836,908,305	2,172,784,326	- 61.5
United Nations Mutual Aid	$	-	787,423,881	-
Grand Total Expenditures	$	1,606,232,129	2,808,600,119	- 42.8
Aggregate Weekly Payrolls June 1, 1941=100 (Nine Groups)		141.0	142.4	- 1.0
Average Weekly Earnings (Nine Groups)	$	32.33	32.07	+ 0.8
Employment General	1926=100	172.0	175.3	- 1.9
Logging		259.4	240.1	+ 8.0
Communication		140.7	116.8	+ 20.5
Transportation		127.9	124.2	+ 3.0
Services		224.1	205.2	+ 9.2
Trade		189.3	173.2	+ 9.3
Finance		143.3	130.0	+ 10.2
Dividends	$	251,413,362	226,072,264	+ 11.2
Dominion Government Interest Payments (April to November)	$	292,658,621	262,562,246	+ 11.5
Index of Bond Yields	1935-39=100	85.4	95.4	- 10.5
Banking				
Current Loans	$ '000	1,202,496	1,088,987	+ 10.4
Money Supply	$ '000,000	7,183	6,452	+ 11.3
Deposits (Notice and Demand)	$ '000	5,457,119	4,718,996	+ 15.6
Circulating Media	$ '000,000	1,065.5	1,028.3	+ 3.6
Security Holdings	$ '000	4,292,023	3,841,121	+ 11.7
Bank Debits (33 Centres)	$ '000	63,332,429	63,300,062	+ 1.7

Twenty-four items recorded declines, while forty-two showed increases.

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CANADA

DEPARTMENT OF TRADE AND COMMERCE

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ECONOMIC CONDITIONS IN CANADA

DURING THE YEAR 1946

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ECONOMIC CONDITIONS IN CANADA DURING 1946 COMPARED WITH THE PRECEDING YEAR

Economic records recently made available confirm that the year 1946 was more prosperous than any other period in peace-time. While business operations showed recession from the high levels of the preceding year, an expansion was indicated during the last quarter. The index of the physical volume of business which had been 181.3 in November rose to 186.7 in the last month of the year. The prosperous conditions generated by the war were extended as productive enterprise concentrated upon the meeting of civilian requirements. The year was memorable for marked economic changes. Interest centred on problems of reconstruction and the drastic changes in the objective of economic activity during the period of transition.

The advance in prices in different fields was characteristic of an extension of a prosperous phase of the economic cycle. Commodity prices at wholesale recorded an increase of nearly 5 per cent, while the index of common stock prices averaged more than 16 per cent greater than in 1945. The level maintained in the last four months was lower than in the early part of the year. The index of bond prices rose to a higher position than at any other time in Canadian history. The money supply consisting of deposits subject to cheque, notes and coin in the hands of the public, rose to a new high position at $7,210 million. The increase over the preceding year was 10.7 per cent.

Production

Pressure for production of all kinds continued to dominate the business situation. The demand rose from a high level of domestic purchasing power, large scale government credit to finance exports abroad and the urgent need for increased housing accommodation at home.

An important stimulant to prosperous economic conditions in the next nine months is the abundant harvest of last autumn. The wheat crop was estimated at 421 million bushels against 306 million in the preceding year and was the greatest since the record production of 557 million bushels in 1942. The total farm value of field crops amounted to about $1,247 million, representing an increase of more than $96 million over the preceding year. Food production in Canada was substantial in 1946, crops having been more abundant than in the preceding year, while animal products dropped to a somewhat lower level.

The operations of the mining industry were comparatively active in 1946. The expansion in the output of non-metallics was a feature. Coal production showed an increase of 7.5 per cent in output and 10.5 per cent in value. Structural materials recorded substantial increases, the volume of cement being greater by 34 per cent. Brick and other clay products increased 37 per cent in value to more than $12 million. Gold production was 4 per cent greater at 2,807,000 fine ounces. The return in mid-year of the Canadian dollar to parity with that of the United States caused a decline of 6 per cent in value from the level of 1945. The demand for base metals was strong, a growing impetus having been given to Canadian operations by the recent advance in prices. The main producers were engaged in building up reserves, an operation largely neglected in wartime. Declines were shown in the output of nickel and copper, while an increase of 5 per cent on the basis of eleven months was recorded in lead.

The flow of manufactured products from Canadian factories in 1946 was sufficient to meet only the more urgent part of the backlog of demand. Industrial progress is an important element in economic development, forming a solid foundation for stability and progress. There was no lack of market demand for goods during the year. Business firms had large backlogs of proposed replacements to plant and equipment which deteriorated during the war. Consumers expenditures, as indicated by expansion in retail sales were at a point greater than at any other time in history. Building materials were still relatively scarce and it will be a considerable time before housing and other construction requirements are again in normal supply. The level of operations, owing to the termination of war contracts, was somewhat lower than in 1945.

The index of employment in manufacturing plants receded about 8.5 per cent. The output of wheat flour was 27.4 million barrels, a gain of 9.2 per cent. The boot and shoe industry produced 31.9 million pairs, the increase in the eleven months having been about 17 per cent. Newsprint production rose 27 per cent to 4,143,000 tons. The increasing importance of Canada's forest resources was reflected in the outstanding gain in the production of newsprint and woodpulp.

Transportation

Reflecting the shift in emphasis from war goods and the transition to a peace-time economy, railway traffic was not greatly altered in volume from the preceding year. The carloadings numbered 3,692,000, a gain of nearly 2 per cent over 1945. The weight of the traffic, however, showed a recession of nearly 6 per cent, the amount loaded in 1946 having been about 97.8 million tons. The standing in the preceding year was 103.9 million. The cars loaded in much greater volume carried coal, sand, stone, pulpwood, woodpulp and paper, lumber and petroleum products.

Expenditures

The traditional forms of expenditure greatly affecting economic activity in general are construction, purchases of durable goods and the export trade. To these may be added the outlay of the Dominion government, the most important factor in the expansion of the war period.

The new business obtained by the construction industry rose to a higher position in 1946 than in any other year. The total contracts awarded amounted to $663 million compared with $409 million in the preceding year. A larger percentage increase was shown in the building permits issued in 58 municipalities. The shortage of housing and other forms of construction mainly occasioned by war will provice a stimulus for the industry over a considerable period. Rehabilitation programs have been delayed due to the limitation of materials and the high cost of construction. The capital expenditure of companies was placed at about $1 billion for 1946. This outlay indirectly encourages production of consumers' goods.

Employment in the building industry during the year recently ended was 43.4 per cent greater, the index on the base of 1926 having reached 145.7. Important gains were also shown in highway and general construction.

The iron and steel industry contributed heavily to war production and the levels of operations in 1946 reflected the conversion to peace-time activity. The output of steel ingots and castings dropped 19 per cent to 2,334,631 tons, while the percentage decline in the production of pig iron was slightly greater. Toward the later part of the year the operations of the iron and steel industry showed considerable gain and durable goods for the use of consumers as well as producers reached relatively high levels.

The importance of capital formation on a physical basis as a feature of economic activity has long been recognized. While the investment money flow is normally far less than that arising for payment of consumers goods, the wider fluctuation in the former is of greater significance in promoting economic activity. The initial

expenditure on construction and the production of durable goods necessarily leads, in due course, to additional outlay for living necessities.

Although the production of many lines of consumer goods was limited in 1946, the advance in the retail distribution of commodities continued throughout the year. An index of sales, based on five years prior to the war, rose from 187.2 to 213.0, an increase of 14 per cent. The marked advance since the last year of wartime was due mainly to the increase in the quantity of goods purchased, the upward movement in retail prices being of relatively lesser proportions. The home market for consumer goods constitutes the greatest single outlet for Canadian production. The supply of goods being made available to consumers is expanding rapidly. Shortages still exist in many lines but new products are constantly being offered for sale and with no apparent slackening in consumer demand retail sales continue to show steady advances.

The levels of external trade reflect the progress of productive operations. The combination of a large country with immense natural resources and a comparatively small population naturally results in a home market that may absorb only a proportion of the main commodities produced. The loss of trade in war supplies was partially offset by the elimination of competition of former enemy countries. The export trade stimulated by loans to other countries was greater in 1946 than in any other peace-time year. The total was about 28 per cent below the aggregate for 1945 when war and relief shipments were heavy, but far above the annual average for the five pre-war years. As imports recorded a considerable increase during the year, a decline was shown in the active balance of trade. The net exports of non-monetary gold, excluded from the statistics of merchandise trade with other countries, were nearly maintained at about $89 million.

Dominion government expenditures dropped to a considerably lower level, the gross total expenditures in the period from April to December receding 41.6 per cent to $1,783 million. Mutual aid payments were discontinued and the demobilization and reconversion expenditures were nearly 62 per cent less than in the same period of 1945. Ordinary expenditures, however, showed a considerable increase.

An element in the continued high level of prosperity is that the war expenditure, having fallen from the high levels reached during the war period, has been partially counterbalanced by other expenditures which, although less insistent, are nevertheless large and backed by purchasing power. The export and internal trade may be cited in this connection, as well as the expenditures on construction and durable goods of different descriptions for civilian requirements.

Purchasing Power

The chief measurable flow of money is from producers to consumers in the form of consumer income. As income payments to individuals constitute the principal flow of money, the importance of these payments to the economy is readily realized. Salaries and wages represent, from one viewpoint, the greatest share in the distribution of the value which is produced in commerce and industry, and from another the greatest single factor in the purchasing power which represents consumer demand.

As measured by aggregate weekly payrolls, salaries and wages received in 1946 were slightly greater than in the preceding year. The increase in the average weekly earnings more than counterbalanced the slight recession in general employment. The index of aggregate weekly payrolls on the base of June 1, 1941 averaged 142.6 during the last year against 142.1 in 1945. The average weekly earnings rose from $32.04 to $32.47, a gain of 1.3 per cent. General employment as indicated by the returns of co-operating firms, agriculture being excluded, showed a recession of 1.1 per cent. The index on the base of 1926 was 173.2 against 175.1 in 1945. The decline in the working forces engaged in manufacturing was the chief element in the downward fluctuation of the index.

Table 1. - Statistics Illustrating the Economic Situation of Canada in 1946, compared with the preceding year.

	Unit or Base Period	1 9 4 6	1 9 4 5	Per Cent Increase + Decrease -
GENERAL ECONOMIC SITUATION				
Index of physical Volume of Business	1935-39=100	183.6	212.5	- 13.6
Wholesale Prices	1935-39=100	140.8	134.4	+ 4.8
Cost of Living	1935-39=100	123.6	119.5	+ 3.4
Index of Common Stock Prices	1935-39=100	115.7	99.6	+ 16.2
Index of Shares Traded, Montreal.	1935-39=100	177.9	125.2	+ 42.1
Index of Bond Prices	1935-39=100	117.2	105.2	+ 11.4
Deposits, Four Classes (Dom., Prov., Demand and Notice)	$ '000	5,967,359	5,389,081	+ 10.7
Mining Employment	1926=100	155.2	146.9	+ 5.7
Gold Receipts at Mint	Fine oz.	2,634,579	2,493,167	+ 5.7
Coal Production	Tons	17,750,660	16,506,713	+ 7.5
Copper Production (11 mo.)	'000 lb.	341,279	443,025	- 23.0
Nickel Production (11 mo.)	'000 lb.	172,678	230,920	- 25.2
Lead Production (11 mo.)	'000 lb.	330,896	314,909	+ 5.1
Zinc Production (11 mo.)	'000 lb.	437,358	478,653	- 8.6
Manufacturing Employment	1926=100	186.2	203.6	- 8.5
Flour Production	Bbl.	27,373,239	25,059,218	+ 9.2
Cattle Slaughterings	No.	2,419,127	2,601,944	- 7.0
Hog Slaughterings	No.	4,253,511	5,683,727	- 25.2
Creamery Butter Production	Lb.	270,149,674	293,541,341	- 8.0
Factory Cheese Production	Lb.	141,283,159	184,451,829	- 23.4
Cigarettes Released	No.	14,866,940,804	14,264,672,756	+ 4.2
Cigars Released	No.	220,993,947	207,042,689	+ 6.7
Leather Boots and Shoes (11 mo.)	Pairs	31,850,116	27,210,257	+ 17.1
Raw Cotton Consumption	Lb.	155,859,566	156,870,920	- 0.6
Newsprint Production	Tons	4,143,392	3,259,208	+ 27.1
Coke Production	Short Tons	3,274,117	3,862,451	- 15.2
Railways				
Tons Loaded	'000 Tons	97,790	103,897	- 5.9
Carloadings	No.	3,691,741	3,624,545	+ 1.9
Gross Revenue C.N.R. (Can. Lines) (11 mo.)	$	320,710,900	351,940,800	- 8.9
Gross Revenue C.P.R. (11 mo.)	$	269,384,441	292,326,341	- 7.8
Construction				
Contracts awarded	$	663,355,100	409,032,700	+ 62.2
Building Permits (58 Municipalities)	$	264,028,794	140,649,982	+ 87.7
Employment - (Unadjusted)	1926=100			
Construction		129.7	109.1	+ 18.9
Building		145.7	101.6	+ 43.4
Highway		156.0	132.5	+ 17.7
Iron and Steel				
Steel Ingot Production	Short Tons	2,334,631	2,881,323	- 19.0
Pig Iron Production	Short Tons	1,403,758	1,777,958	- 21.0
Employment Durable Goods	1926=100	192.0	231.5	- 17.1

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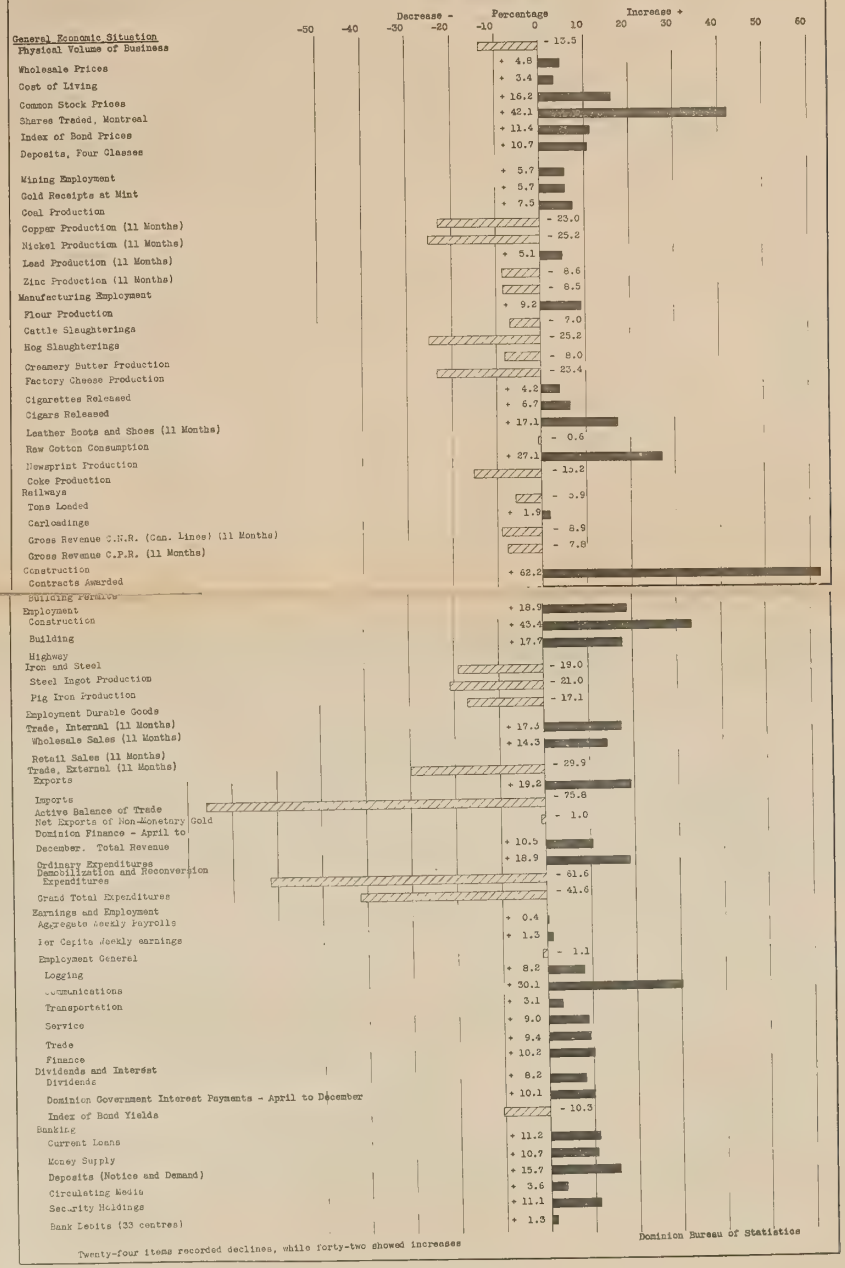
THE ECONOMIC SITUATION IN CANADA

in 1946 as compared with the preceding year



Twenty-four items recorded declines, while forty-two showed increases

Table 1. - Statistics Illustrating the Economic Situation of Canada in 1946, compared with the preceding year. - Concluded.

	Unit or Base Period	1 9 4 6	1 9 4 5	Per Cent Increase + Decrease -
Trade (11 mo.)				
Wholesale Sales	1935-39=100	245.8	209.5	+ 17.3
Retail Sales	1935-39=100	206.7	180.9	+ 14.3
Exports	$ '000	2,124,841	3,031,021	- 29.9
Imports	$ '000	1,745,367	1,464,583	+ 19.2
Active Balance of Trade	$ '000	+ 379,474	+ 1,566,438	- 75.8
Net Exports of Non-Monetary Gold	$ '000,000	88.9	89.8	- 1.0
Dominion Finance, April to December. Total Revenue	$	2,061,869,667	1,865,679,301	+ 10.5
Ordinary Expenditures	$	854,045,500	718,558,043	+ 18.9
Demobilization and Reconversion Expenditures	$	916,643,305	2,325,432,747	- 61.6
United Nations Mutual Aid	$	-	781,160,830	-
Grand Total Expenditures	$	1,783,211,569	3,052,636,821	- 41.6
Aggregate Weekly Payrolls June 1, 1941=100 (Nine Groups)		142.6	142.1	+ 0.4
Average Weekly Earnings (Nine Groups)	$	32.47	32.04	+ 1.3
Employment General	1926=100	173.2	175.1	- 1.1
Logging		267.3	247.0	+ 8.2
Communication		141.9	109.1	+ 30.1
Transportation		128.5	124.6	+ 3.1
Services		224.3	205.7	+ 9.0
Trade		191.2	174.7	+ 9.4
Finance		143.8	130.5	+ 10.2
Dividends	$	299,303,016	276,719,259	+ 8.2
Dominion Government Interest Payments (April to December)	$	325,944,584	296,170,930	+ 10.1
Index of Bond Yields	1935-39=100	85.3	95.1	- 10.3
Banking				
Current Loans	$ '000	1,223,438	1,100,493	+ 11.2
Money Supply	$ '000,000	7,210	6,512	+ 10.7
Deposits (Notice and Demand)	$ '000	5,482,370	4,736,433	+ 15.7
Circulating Media	$ '000,000	1,068.0	1,030.5	+ 3.6
Security Holdings	$ '000	4,287,007	3,857,535	+ 11.1
Bank Debits (33 Centres)	$ '000	69,267,607	68,384,813	+ 1.3

Twenty-four items recorded declines, while forty-two showed increases.

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